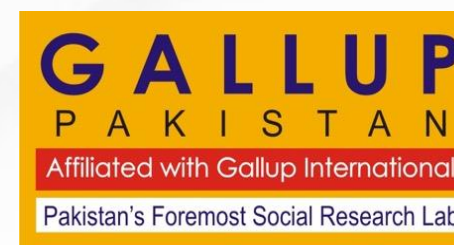


GALLUP PAKISTAN

BUSINESS CONFIDENCE INDEX (BCI)

2nd Quarter 2021 Report

Measuring the sentiments of business community in Pakistan through
a statistically accurate method



Released in July 2021



Gallup Pakistan Business Confidence Index (BCI) – An Introduction

Business Confidence Index is a crucial and globally used indicator for forecasting economic activity as particularly suitable for monitoring short-term changes in the economy.

Why measure? Business activity indicators, if timely available, give policy makers the chance to analyze the current situation & take appropriate policy actions to avert financial and other economic crises.

Business Confidence Index offers opportunity for businesses to contribute directly to the **policy formulation process** by sharing their perceptions of current and future economic and business conditions.

Another use of **Business Confidence Index** is that forward-looking monetary policy requires input on expectations of different agents and stakeholders of the economy.

This survey was conducted with around **490 BUSINESSES ACROSS PAKISTAN** from 4th June 2021 to 1st July 2021 by Gallup Pakistan which specialized in Data analytics and data creation

Surveyed firms include: manufacturing, services, construction, wholesale and retail trade and financial services sector spread across the country to seek their opinions on production, employment, and economic conditions etc.

QUARTER 1,2020

QUARTER 2,2020

QUARTER 4, 2020

This is the 5th report of the newly launched Gallup Pakistan Business Confidence Index



BUSINESS CONFIDENCE SURVEYS OVER TIME



QUARTER	TIMELINE	LINK
Q4 2019	October-November-December	Q4 2019 (CLICK HERE)
Q1 2020	January-February-March	Q1 2020 (CLICK HERE)
Q2 2020	April-May-June	Q2 2020 (CLICK HERE)
Q3 2020	July-August-September	Survey not conducted
Q4 2020	October-November-December	Q4 2020 (CLICK HERE)
Q1 2021	Jan-Feb-March	Survey not conducted
Q2 2021	April-May-June	Released now



WHAT IS COVERED IN THE REPORT



1. Special Section on Businesses & Corona covering two main questions – effect of Corona on business revenue & if the Businesses have downsized

2. Business Confidence Index

Gallup Business Confidence Index is composed of three strands



a. **Current Business Conditions Score** – The score represents the net value of the **positive – negative**.
A positive Current Business confidence score means more businesses are confident/positive about current business conditions than those who are **not** confident/positive.



b. **Future Business Condition Score** – The score represents the net value of the **positive-negative**.
A positive Future Business Score represents that more businesses are confident/optimistic about the future than those who are **not** confident/optimistic.



c. **Direction of the Country Score** – The score represents the net value of the **positive –negative**.
A positive Direction of the country Score represents that more businesses are optimistic about the Direction of the country being Right vs those who think it is **not** right.

3. Evaluation of Government Performance on COVID-19

4. Problems faced by Businesses in Pakistan

5. Corruption related to Government dealings



3 KEY FINDINGS – Q2 2021 REPORT



KEY FINDING 1: 2 strands of the **Gallup Business Confidence Index (BCI)** are in **Green territory** pointing that businesses are now posing confidence in future business situation and optimistic about the direction of the country. However, one strand (current business situation score) is negative indicating poor confidence in the current business situation.

Key Finding 2 : One strand of Gallup Business Confidence Index (BCI) on the forecast stands at fair confidence, one stands at great confidence and another one stands at poor confidence.

Key Finding 3: We see that business community is slightly more upbeat about the future business situation vis a vis earlier report based on Q4 2020 when the economy was recovering from lockdown. However, with respect to current Business situation score, we see that there has been a sharp decline as compared to Quarter4 2020 report.

Strand 1: Current Business Situation Score

- Q2 2021: -2%
- Q4 2020: +22%



Strand 2: Future Business Situation Score

- Q2 2021: +41%
- Q4 2020: +44%



Strand 3: Direction of the Country Score

- Q2 2021: +26%
- Q4 2020: +6%



Interpretation of the Score

A positive score means more businesses are feeling positive/confident/ optimistic

A negative score means more businesses are feeling negative /pessimistic

Legend

+1% to 25% = Fair Confidence
+26 to 75% = Great Confidence
+75% to 100% = Excellent Confidence

-1% to -25% = Poor Confidence
-26 to -75% = Negative Confidence
-75% to -100% = Deep Negative Confidence



Gallup Business Confidence 2021 Assessment

Gallup Business Confidence Index	Q1 2020 Score	Q2 2020 Score	Q4 2020 Score	Q2 2021 Score	Assessment
Strand 1 Current Business Situation Score	-50%	+16%	+22%	-2%	Poor Confidence
Strand 2 Future Business Situation Score	-7%	+58%	+44%	+41%	Great Confidence
Strand 3 Direction of the Country Score	-25%	+10%	+6%	+26%	Fair Confidence

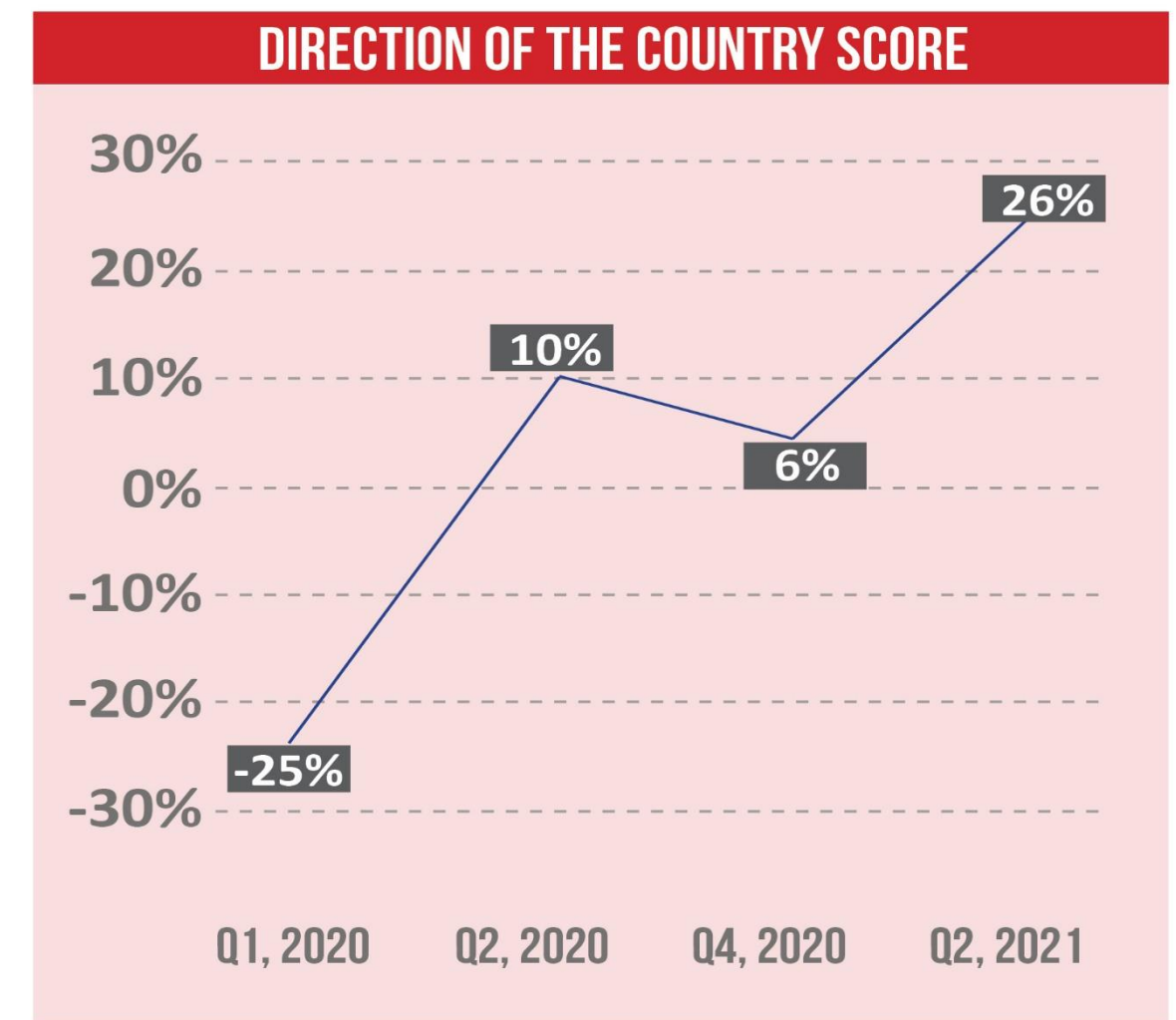
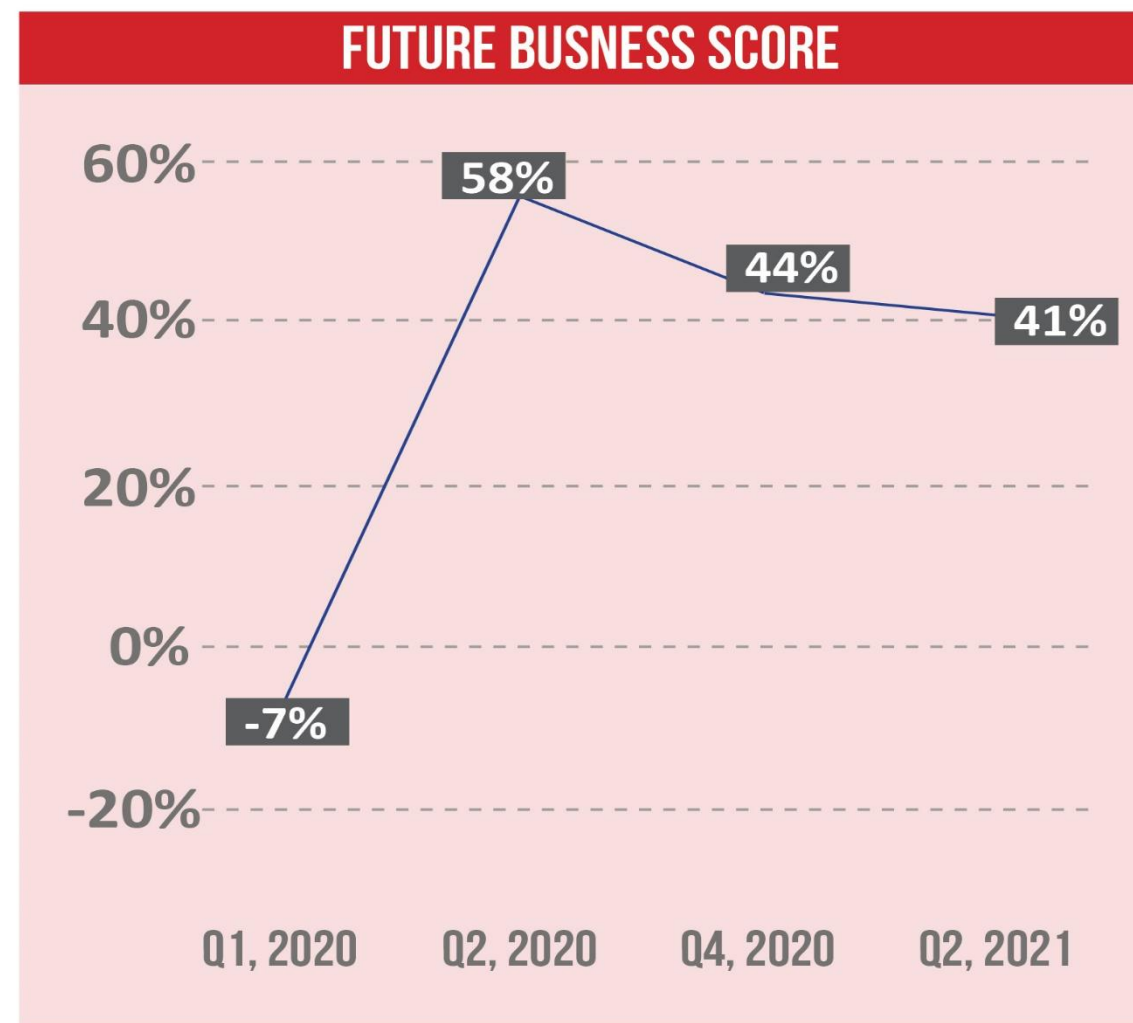
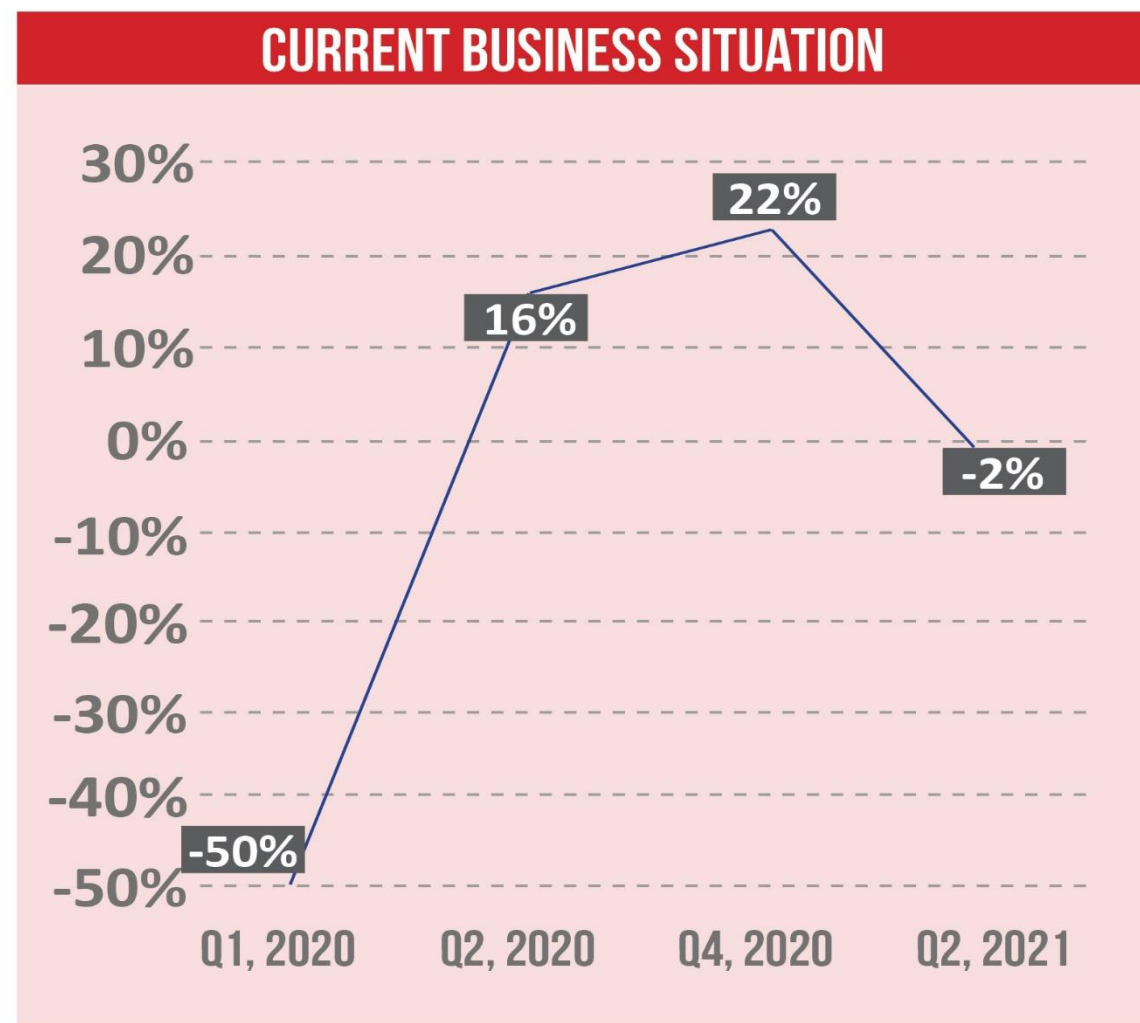
Legend

+1% to 25% = Fair Confidence
+26 to 75% = Great Confidence
+75% to 100% = Excellent Confidence

-1% to -25% = Poor Confidence
-26 to -75% = Negative Confidence
-75% to -100% = Deep Negative Confidence



THREE STRANDS OF Gallup Business Confidence 2020 Assessment – Q2 2021 SNAPSHOT



OUT OF ALL THREE STRANDS OF GALLUP BCI, ONLY TWO ARE IN POSITIVE AND ONE IS IN NEGATIVE. THERE IS A DECLINE IN CURRENT BUSINESS AND FUTURE BUSINESS SCORE IN Q2 2021 POINTING TO POTENTIAL VULNERABILITY OF THE GROWTH ACHIEVED SO FAR.



EXECUTIVE SUMMARY



GALLUP
P A K I S T A N
Affiliated with Gallup International
Pakistan's Foremost Social Research Lab

EXECUTIVE SUMMARY



- More than 50% of businesses (65%) report a decrease in their overall sales. The number is alarming!.
- Books and stationary businesses along with general stores have faced huge losses of sale compared to other businesses in Corona times
- 42% businesses reported now have lesser number of people working for them as compared to the figures 12 months ago. The number is pointing towards massive unemployment increase and continuing till now.
- 52% businesses in Pakistan reported poor current business conditions. Gallup Pakistan Net Current Business condition decreased by 24% since Q4 2020.
- Businesses in Sindh as well as those related to sale of medical equipment, fertilizers and pesticides are most optimistic of a better future.
- 63% Businesses believe the country to be in the right direction, net score increased by 20% since the 4th Quarter of 2020.
- Like Q4 2020, increase in inflation, followed by issues caused by coronavirus and lockdown are the most pressing problems businesses want the government to solve in Q2 2021.



EXECUTIVE SUMMARY



- 57% of businesses reported to experiencing load shedding within a day, with most of them experiencing for 3 hours.
- Around 7 in 10 businesses claimed that load-shedding was a big problem for their business, the highest being reported by trade businesses.
- 80% of businesses in KPK & Balochistan opine that load shedding is a major problem for their business.





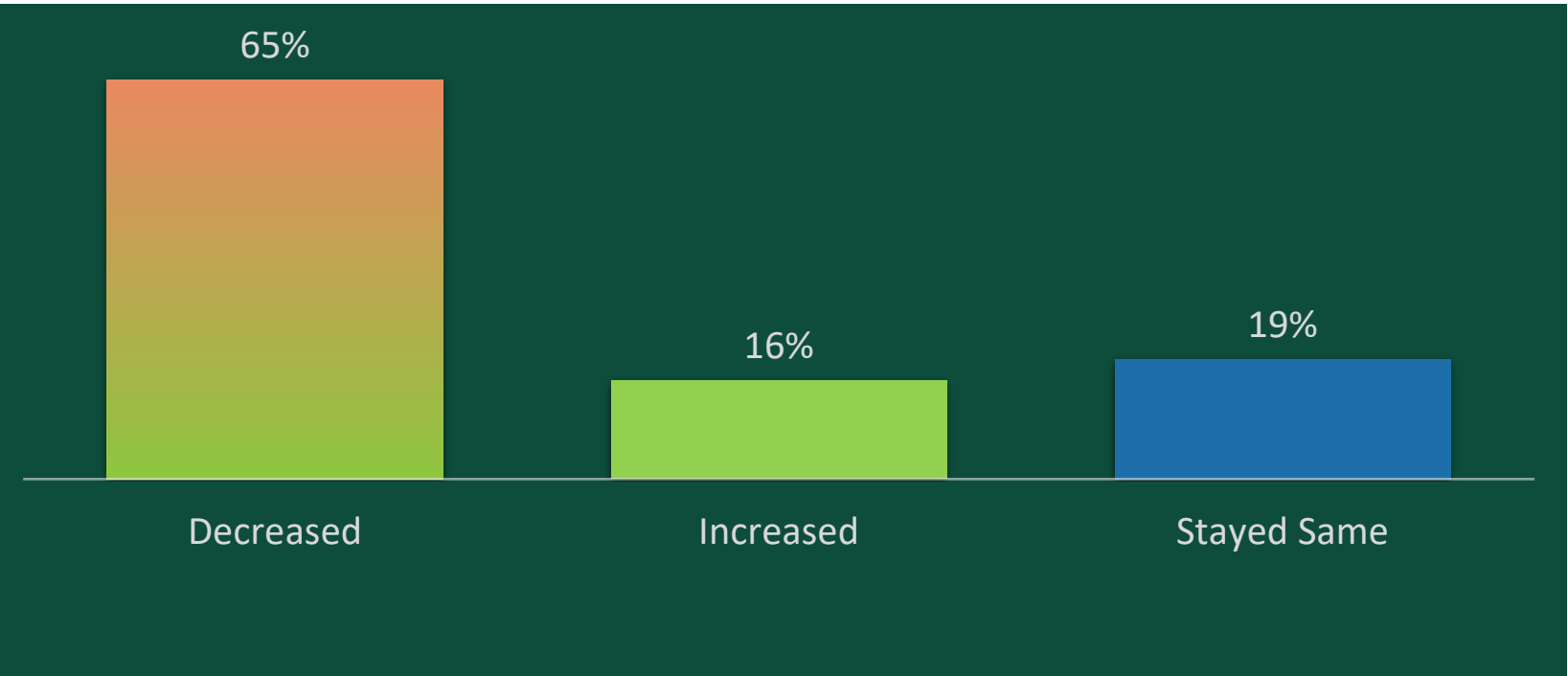
SECTION 1:

Corona & Lockdown And its Impact on Businesses in Pakistan

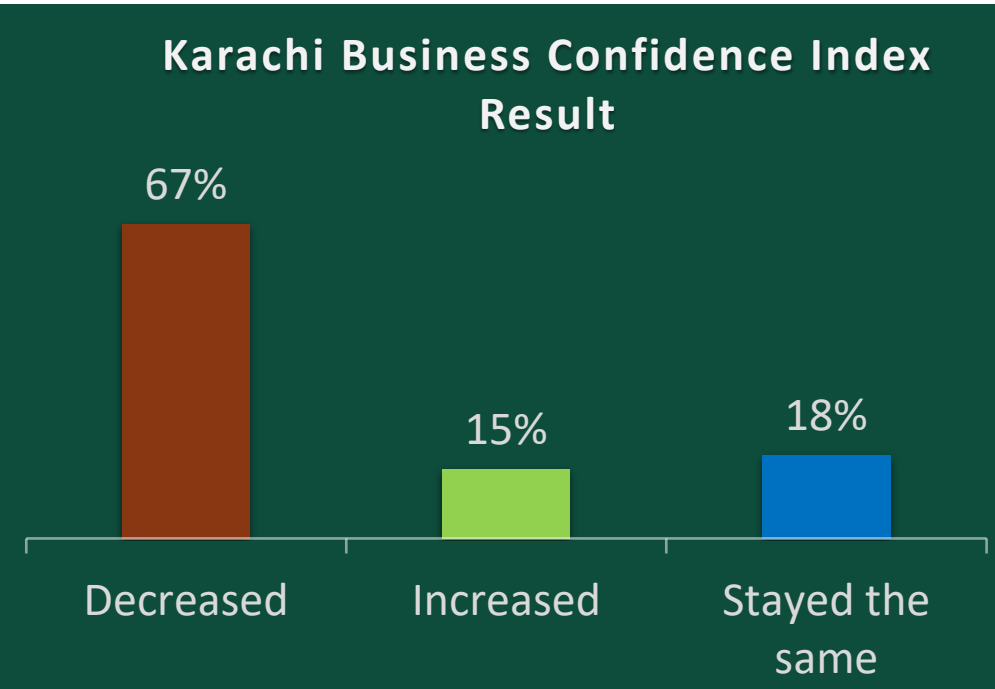
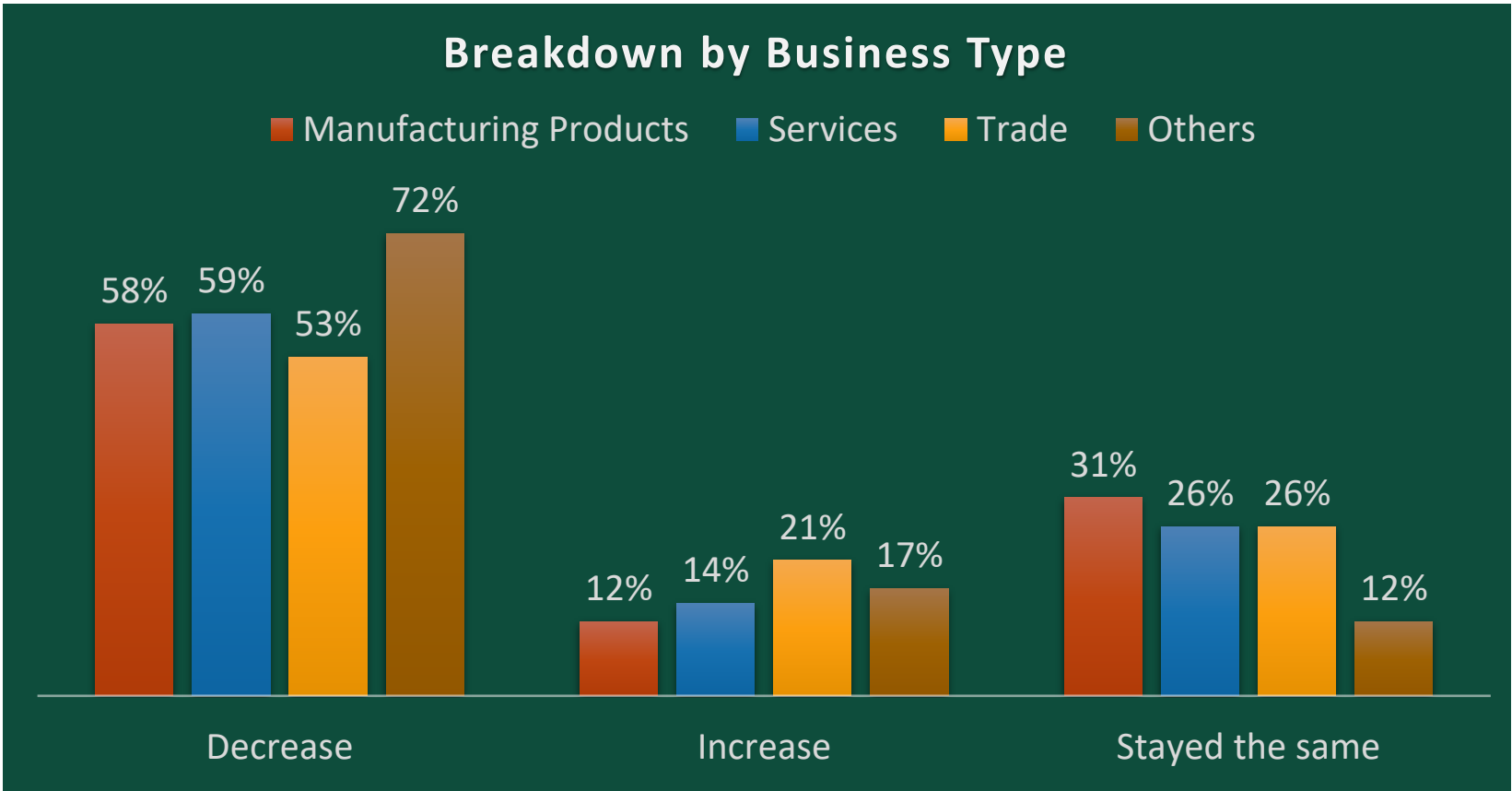


For 65% of the businesses' sales have decreased during the past year. Around 1 in 5 businesses report the same number of sales as before

Question: Some people say their sales have decreased, increased or stayed same when they compare themselves now as opposed to 12 months ago. How have your sales been?



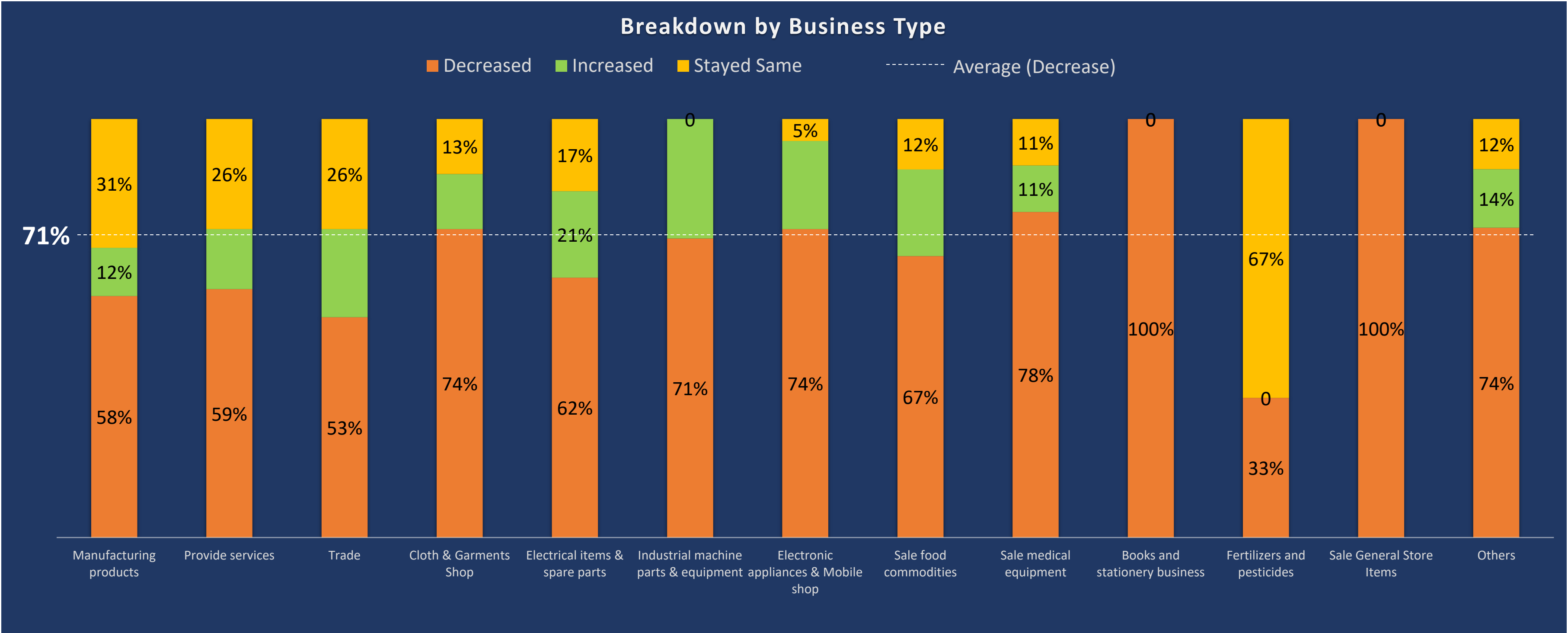
Nearly 3 in 5 service businesses reported a decline in sales in the past year, closely followed by 58% of manufacturing businesses reporting a decline. The highest increase was reported by trade businesses at 21%.



67% of Karachi businessmen report that their sales have decreased, 15% report that they have increased while 18% claim that they have remained the same.

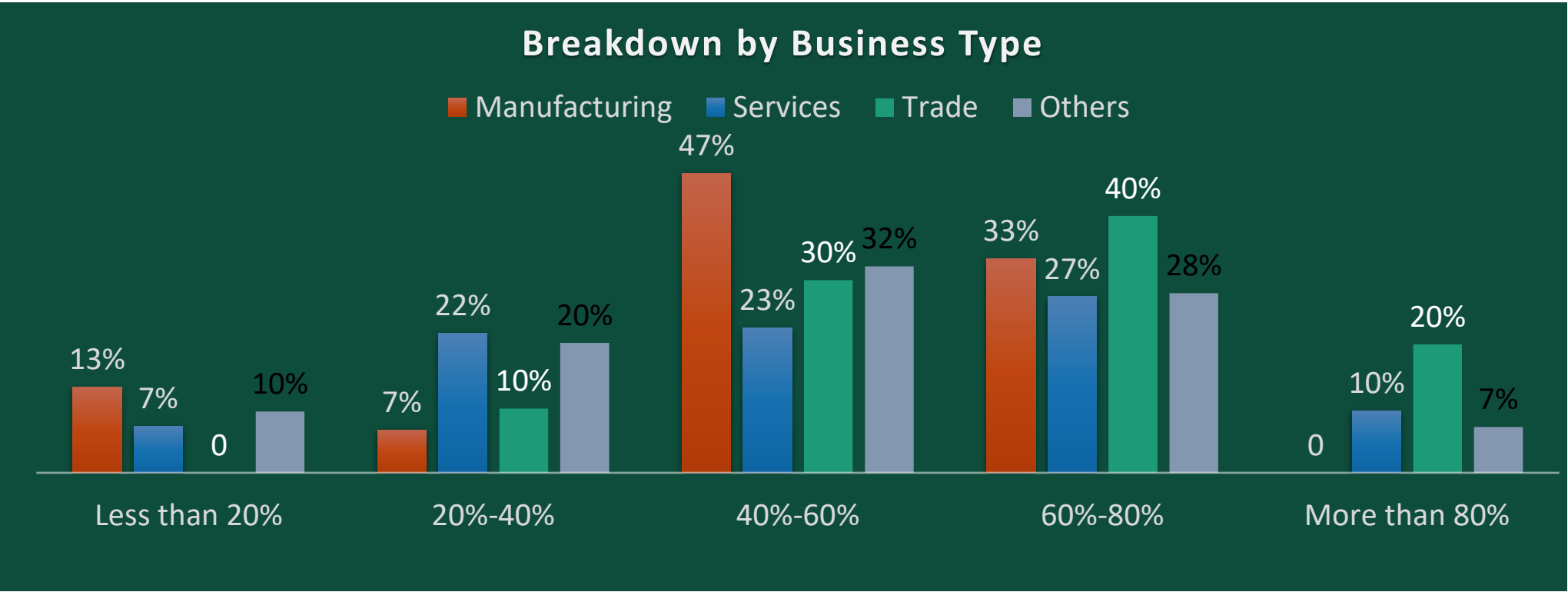
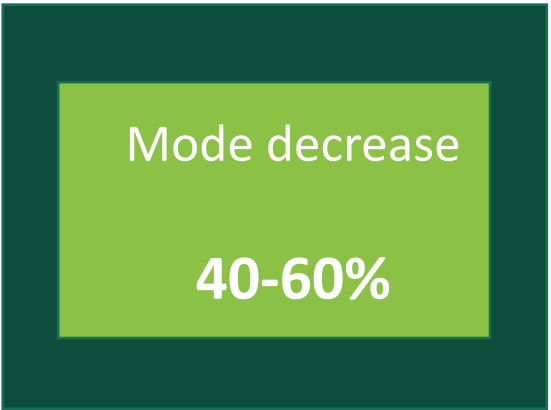
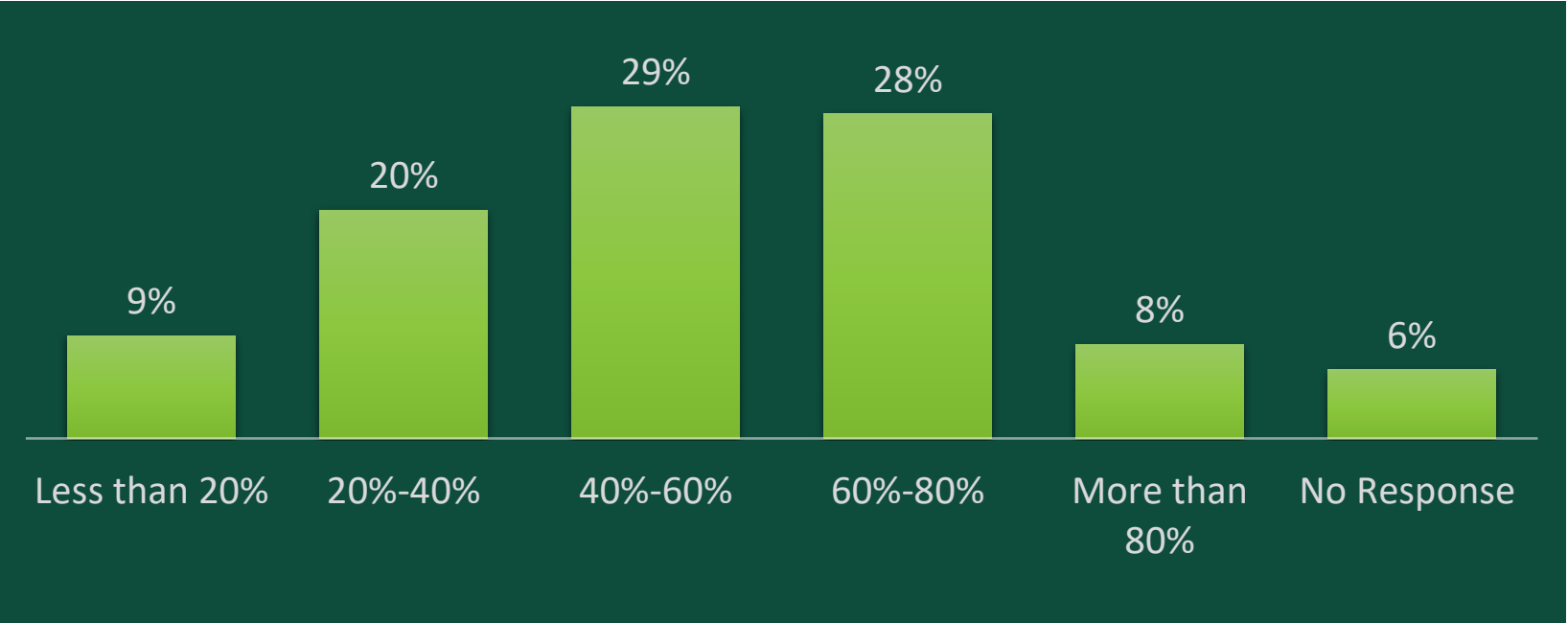
Highest decline in sales over the past year was reported to be experienced by books and stationary businesses and general stores.

Question: Some people say their sales have decreased, increased or stayed same when they compare themselves now as opposed to 12 months ago. How have your sales been?



29% businesses reported a decrease of 40-60%, closely followed by 28% of businesses reporting a 60-80% decrease while 8% businesses reported more than an 80% decrease and 9% reporting a less than 20% decrease in sales over the past year.

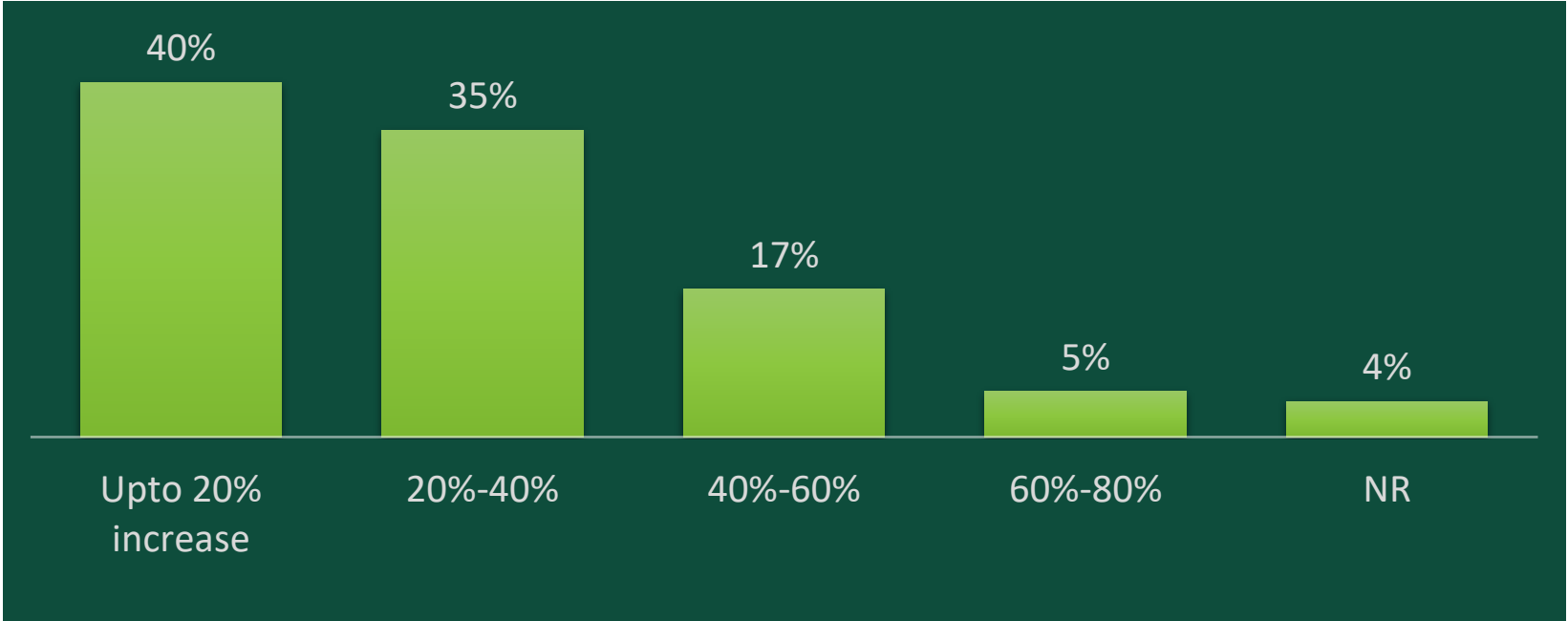
Question: What has been the percentage decrease in your sales? Imagine your sales were Rs. 100 12 months ago, what are they now?



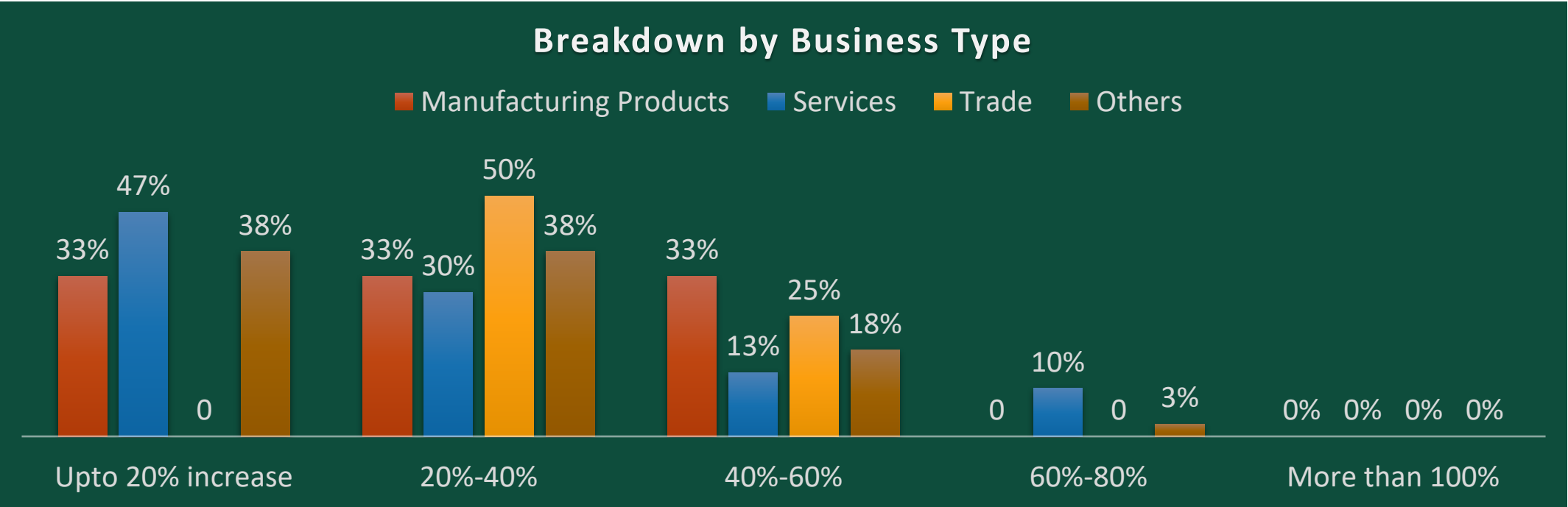
47% manufacturing businesses reported between 40-60% decline in sales due to coronavirus. 40% of trade business reported a decline of 60-80%.

2 in 5 businesses reported around an increase in sales up to 20%, followed by 35% businesses each reporting a 20-40% increase. Only 5% of businesses reported the increase in sales over the past year to greater than 60%.

Question: What has been the percentage increase in your sales? Imagine your sales were Rs. 100 12 months ago, what are they now?



Mode Increase
<20%

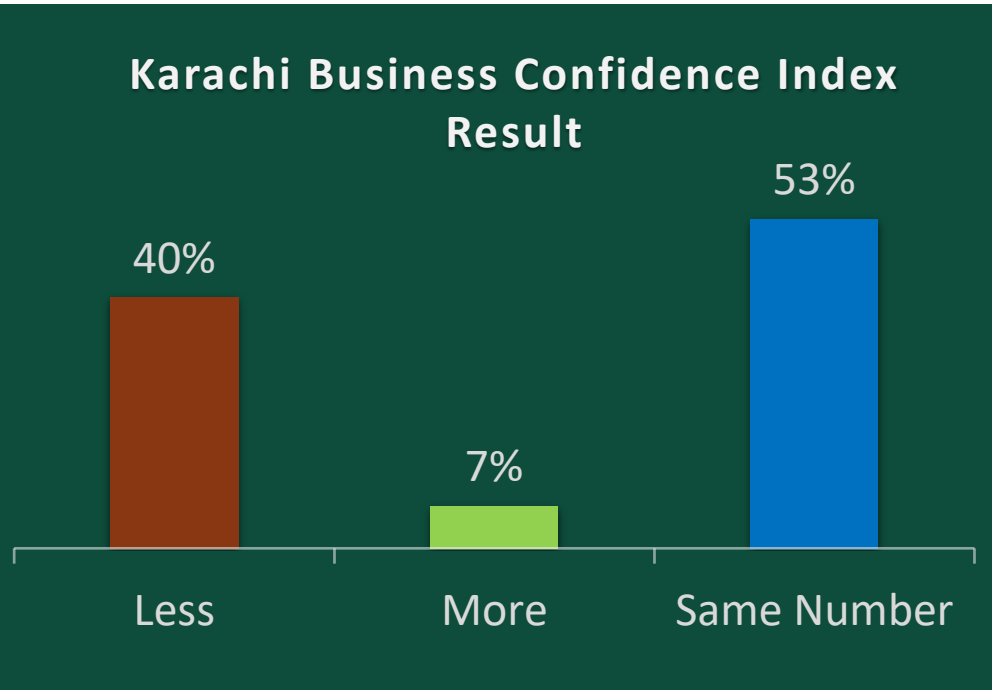
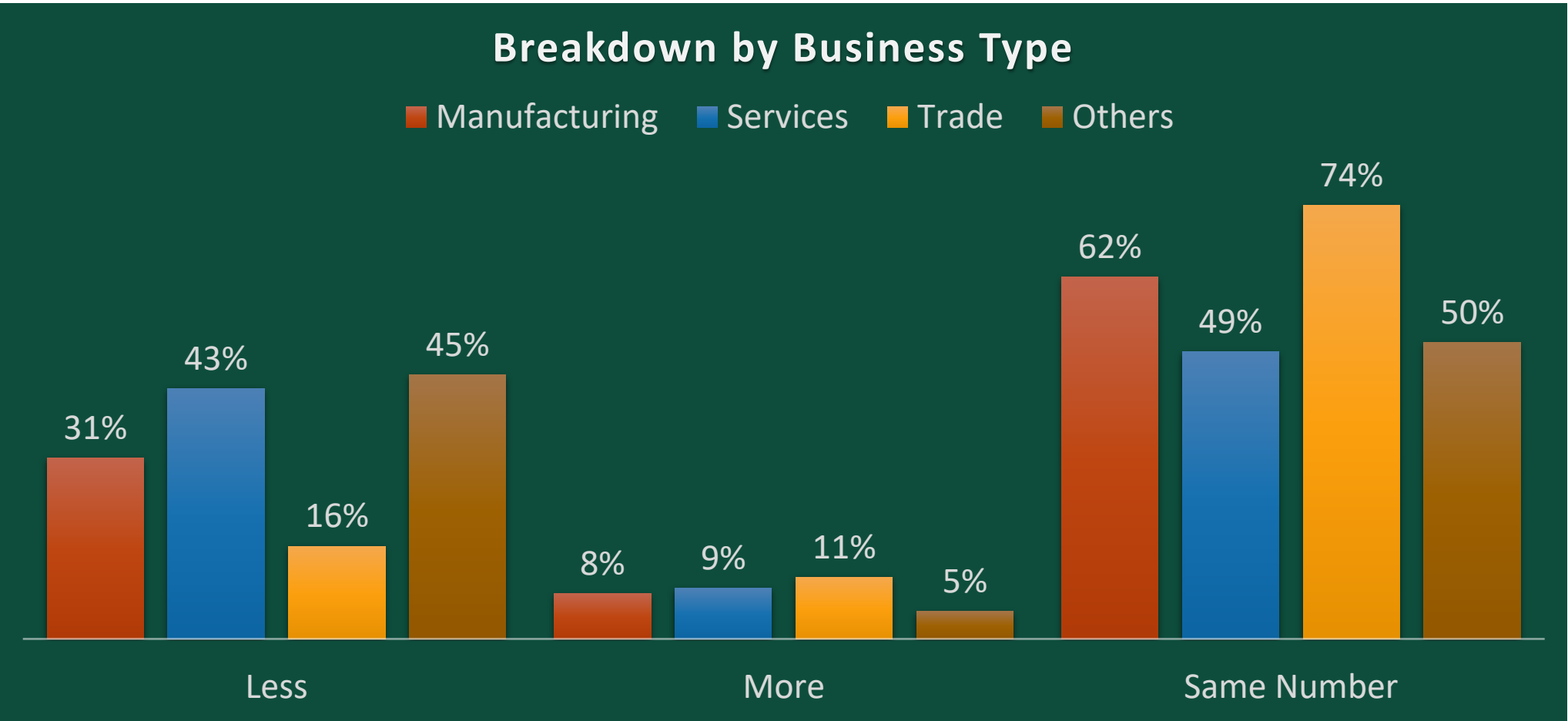
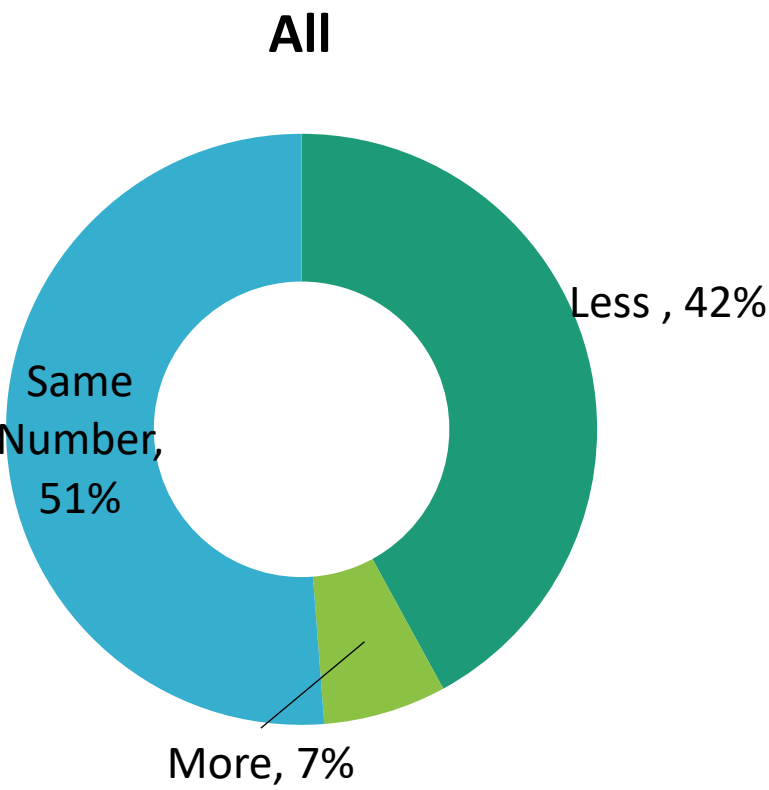


50% of trade businesses reported between 20-40% increase in sales over the past year. 47% of businesses in the services sector reported an increase of up to 20% in sales.



Around 50% of businesses reported having the same number of employees while 42% of businesses reported laying off/ having fewer number off employees compared to 12 months ago.

Question: As opposed to 12 months ago do you have, same , less or more people working for you?



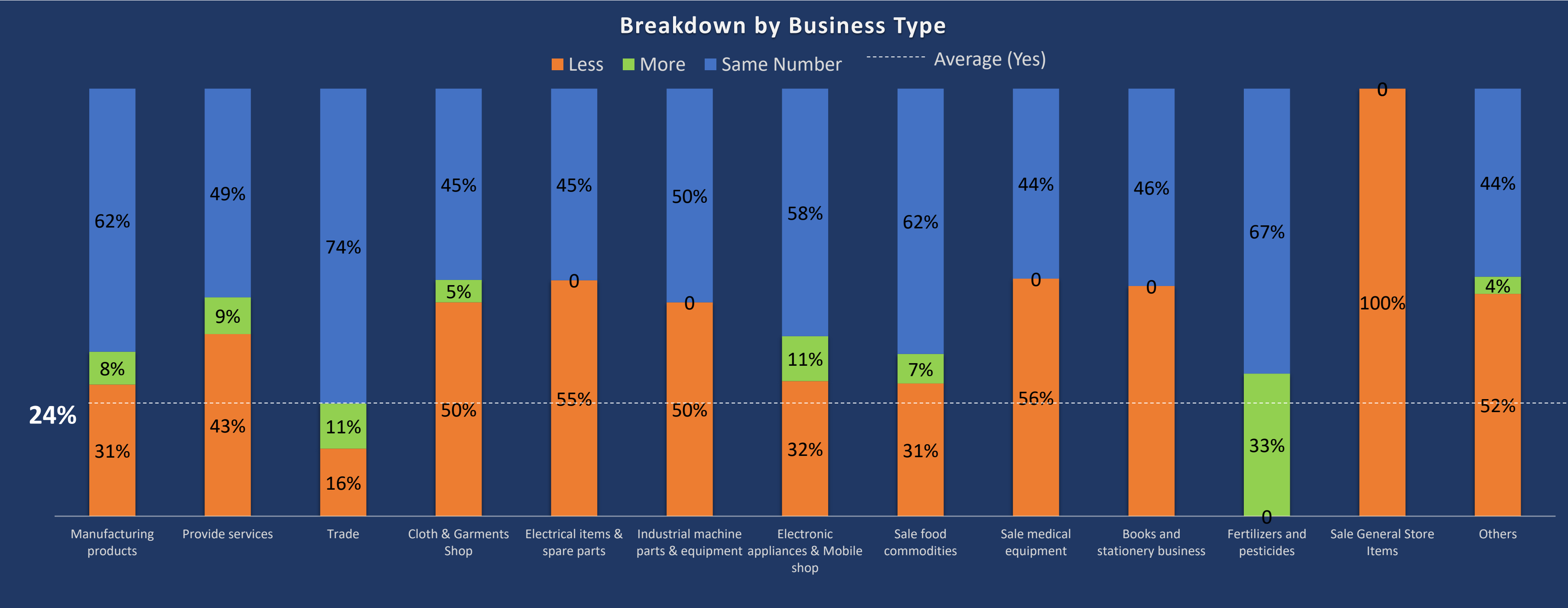
2 in 5 of Karachi businessmen report having lesser employees while 53% report that the number of their employees have remained the same over the past year.

Companies in the services sector had to reduce greater number of employees compared to businesses related to trade and manufacturing, though the differences were not too stark.

Source: Gallup Pakistan Business Confidence Survey with N 490 businesses in Pakistan (Report 5, Quarter 2 2021)

Businesses which had to layoff the most employees are those related to selling electrical items and spare parts and general stores.

Question: As opposed to 12 months ago do you have, same , less or more people working for you , less , or same number?



Source: Gallup Pakistan Business Confidence Survey with N 490 businesses in Pakistan (Report 5, Quarter 2 2021)



SECTION 2:

Gallup Business Confidence Index





Gallup Pakistan Business Confidence Index Yardstick

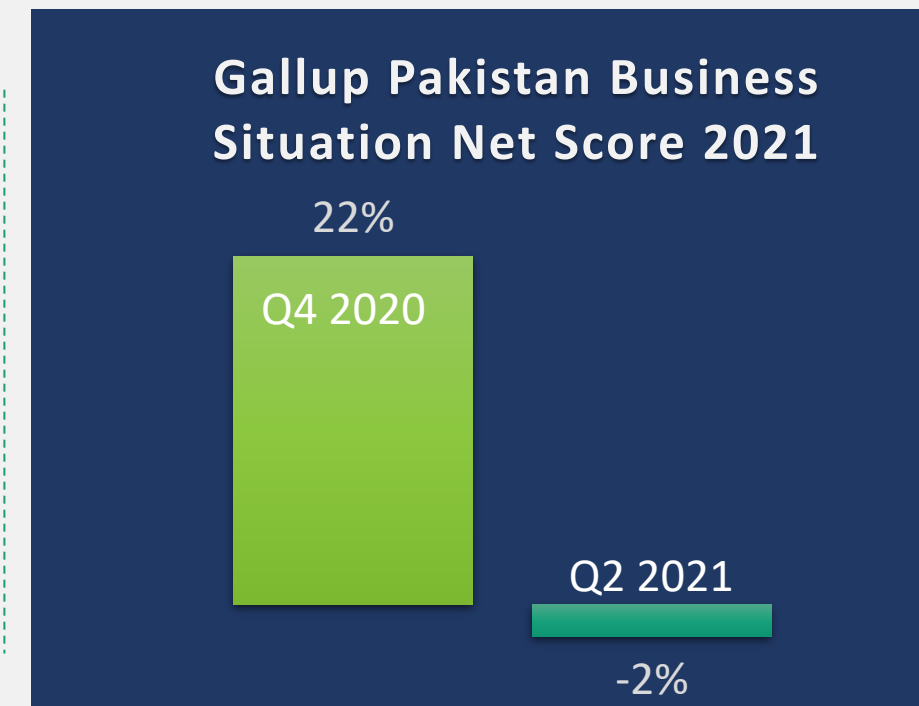
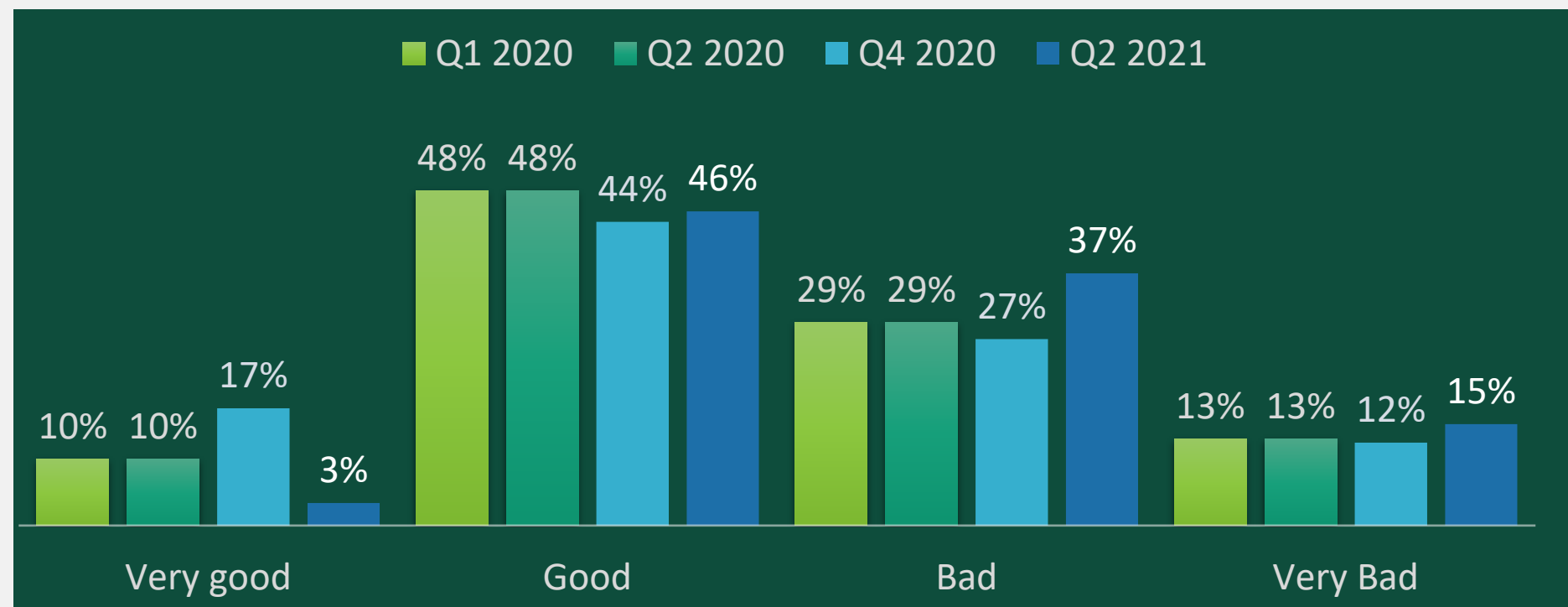
1:

Current Business Conditions Score

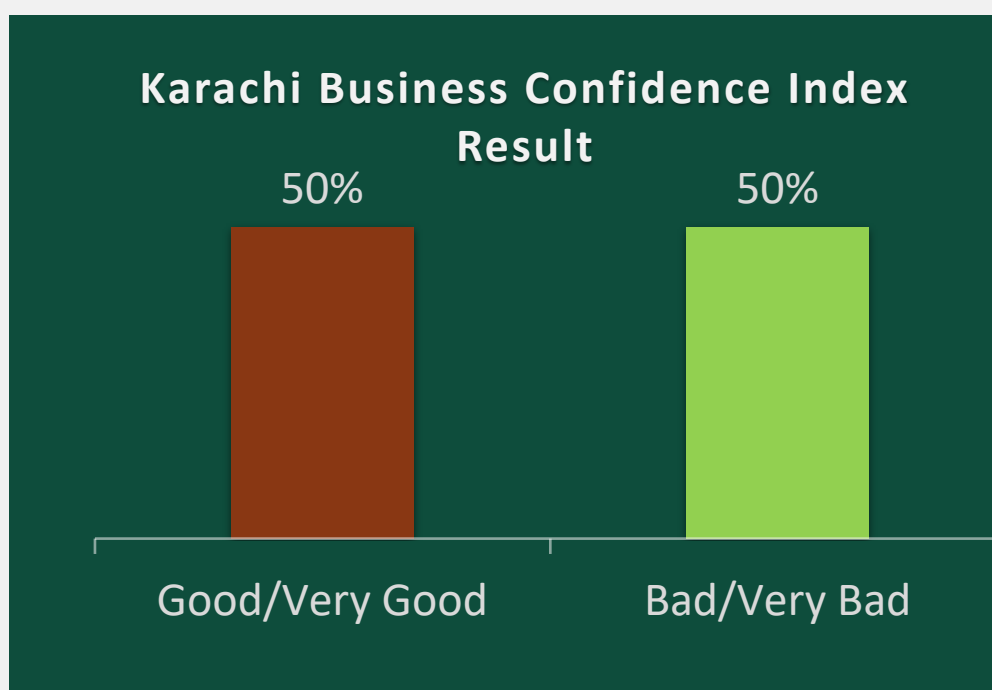


49% of businesses reported to be doing well while 52% of businesses reported bad business conditions. Overall, the number of businesses reporting good business conditions has lessened while the number of businesses reporting bad business conditions has increased as compared to the last quarter.

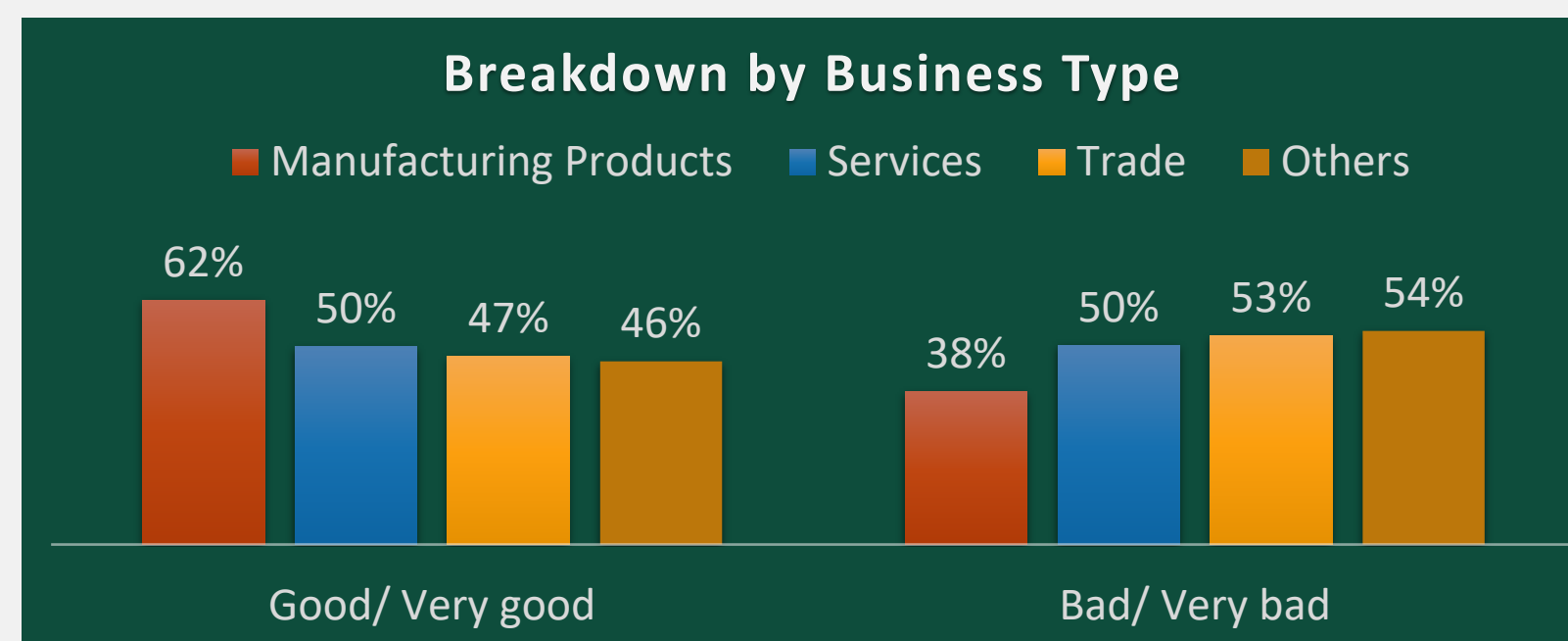
Question: How well is your business doing nowadays. Would you say it is very good, good, bad, or very bad?



Since Q4 2020, the current business assessment has deteriorated with a 24% decrease in people claiming their business situation to be good.



An equal number of Karachi businessmen reported their current business situation to be either good or bad.

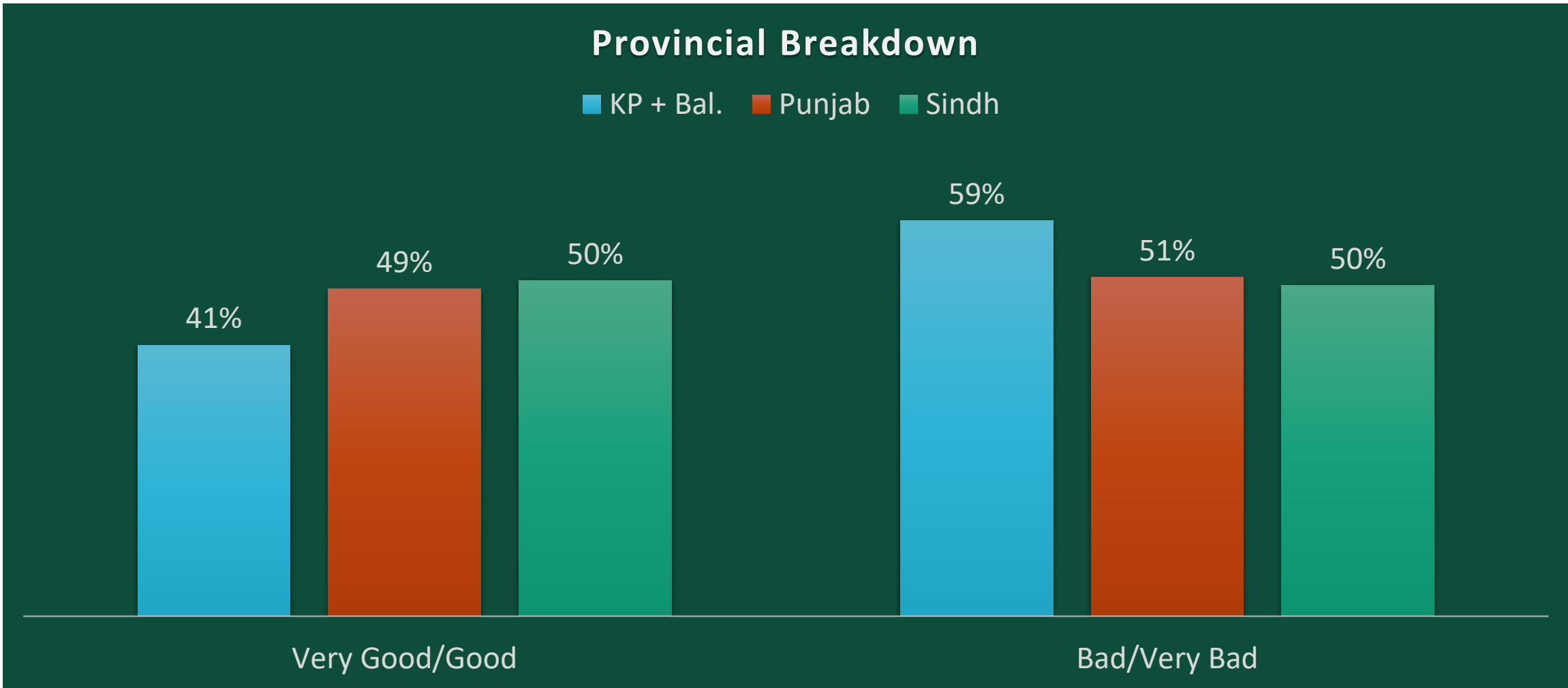


62% manufacturing businesses assess the current business situation as good. Business situation in service and trade sectors was quite close.



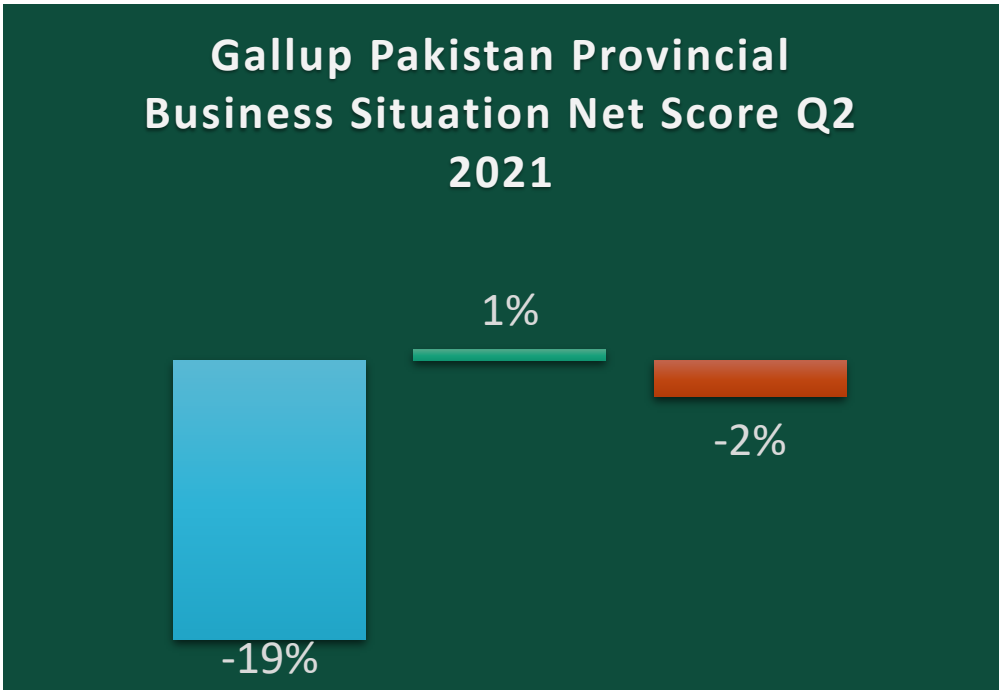
50% Businesses from Sindh reported good business conditions nowadays while 59% of businesses in Khyber Pakhtunkhwa and Balochistan reported bad business conditions.

Question: How well is your business doing nowadays. Would you say it is very good, good, bad, or very bad?



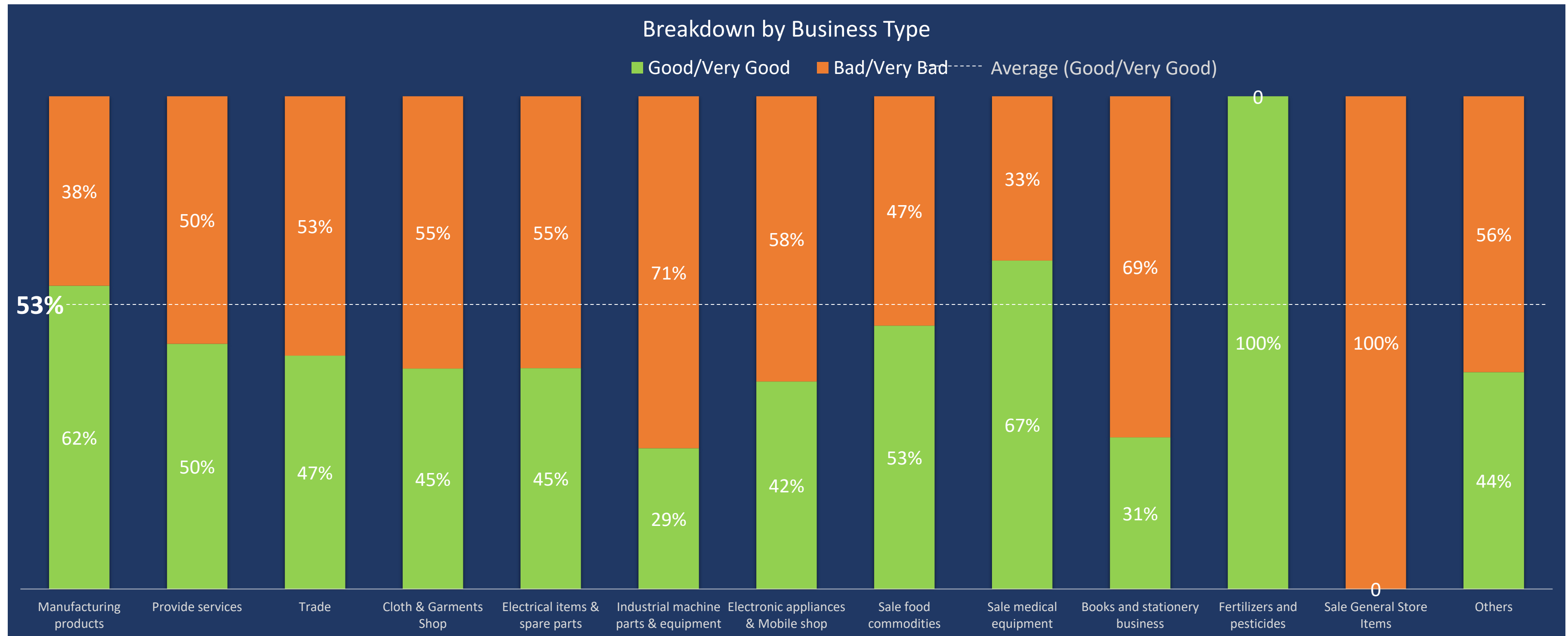
*Due to sample size being not significant at just KP and Balochistan level, both have been clubbed for the purpose of analysis.

19% businesses from Punjab reported bad/very bad business conditions – only Sindh reported a positive business situation score of 1%.



Businesses related to fertilizers and pesticides reported good/very good current business conditions, while businesses related to sale of industrial machine parts & equipment and general stores reported that their businesses are not doing well

Question: How well is your business doing nowadays. Would you say it is very good, good, bad, or very bad?



Source: Gallup Pakistan Business Confidence Survey with N 490 businesses in Pakistan (Report 5, Quarter 2 2021)



Gallup Pakistan Business Confidence Index Yardstick

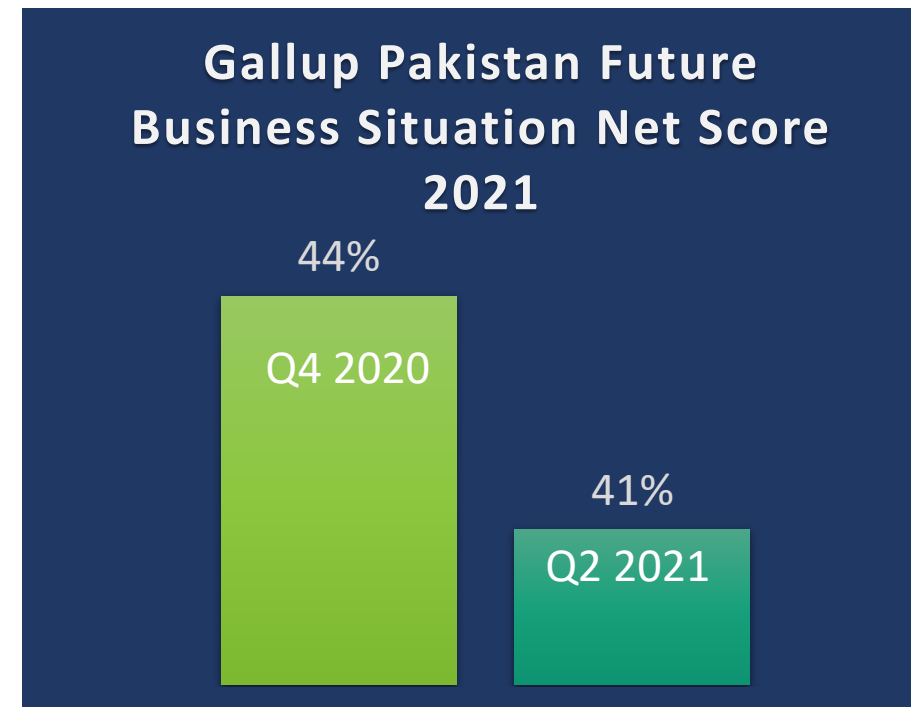
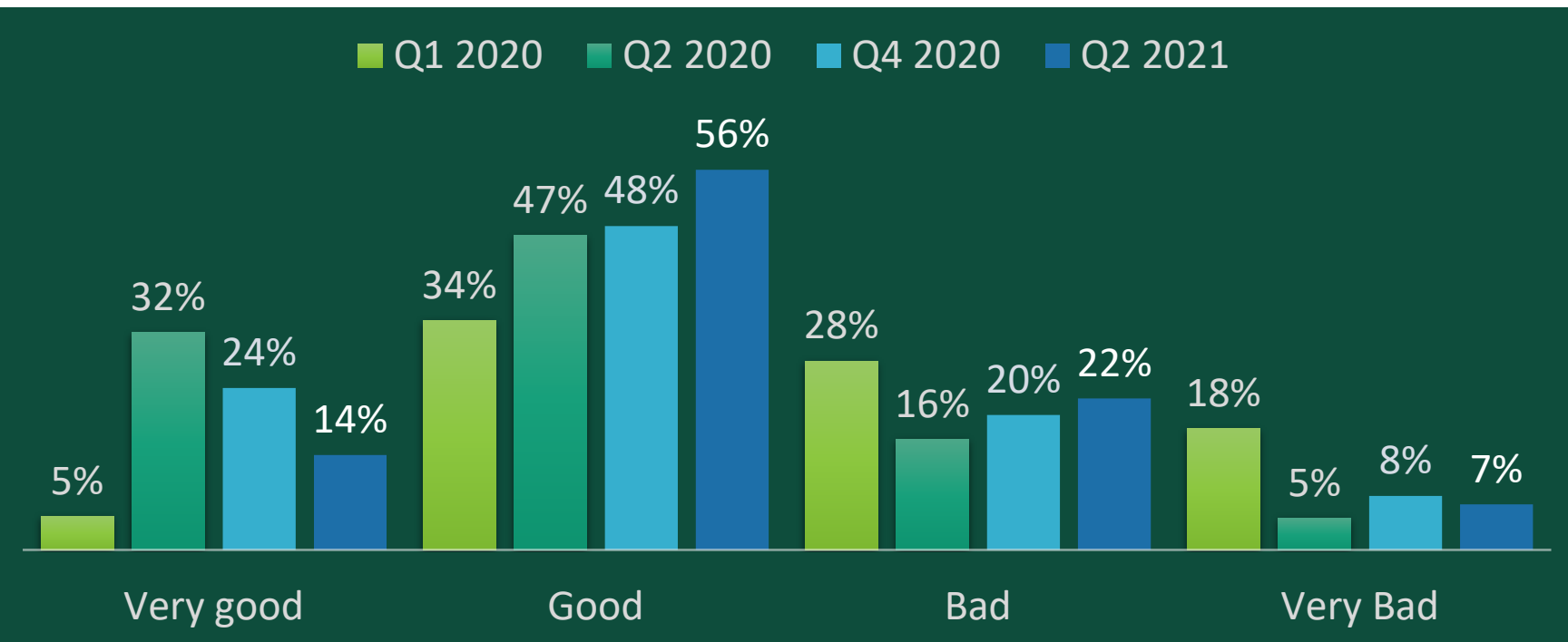
2:

Future Business Conditions Score



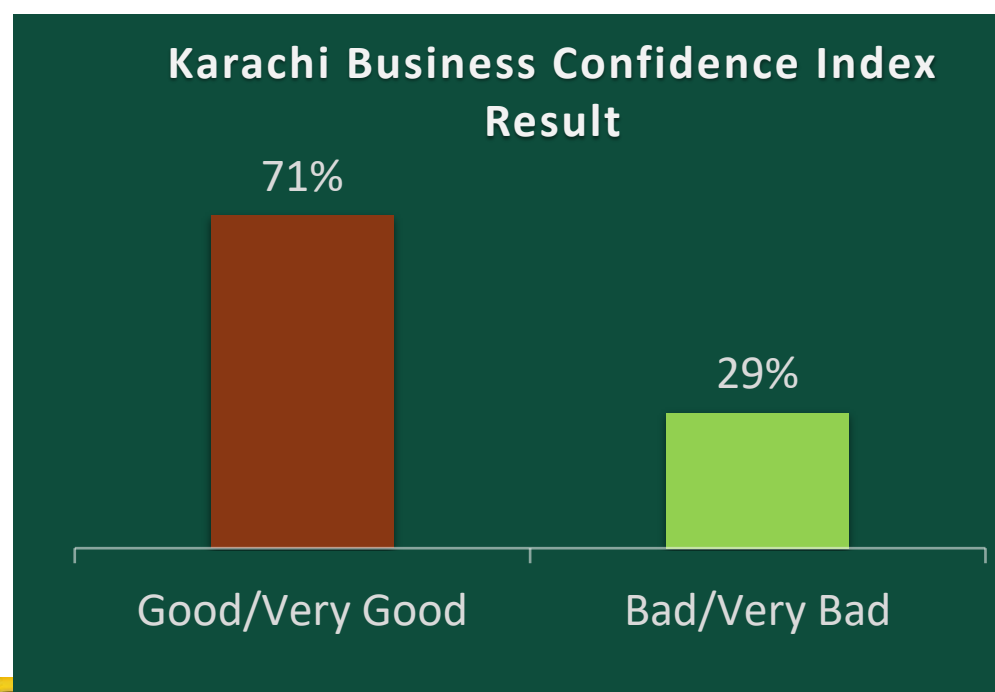
7 in 10 Businesses are confident that the future will be better. However, Net Future Business Confidence score decreased by 3% (falling from 44% to 41%) since Quarter 4, 2020

Question: What are your expectations for the future of your business compared to the past?

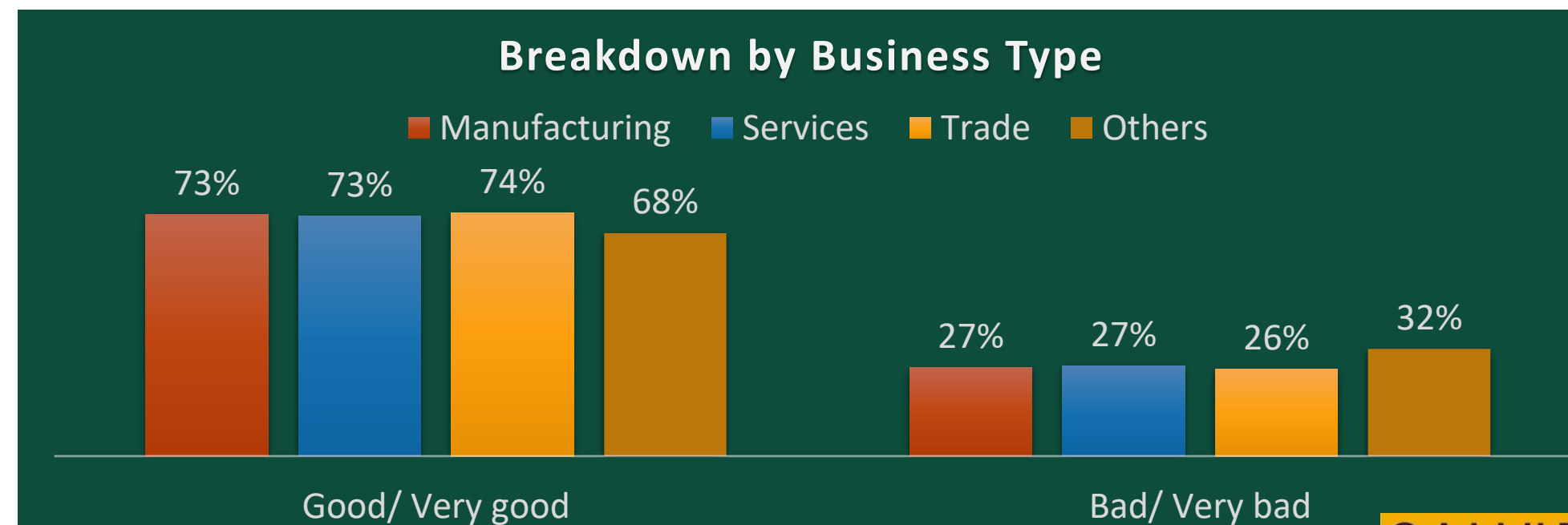


Overall Net Business Situation Score has fallen from 44% in 2020, Q4 to 41% in 2021, Q2.

Manufacturing, services and trade businesses had relatively the same level of optimism for the future of their businesses, with trade businesses being just slightly more positive.

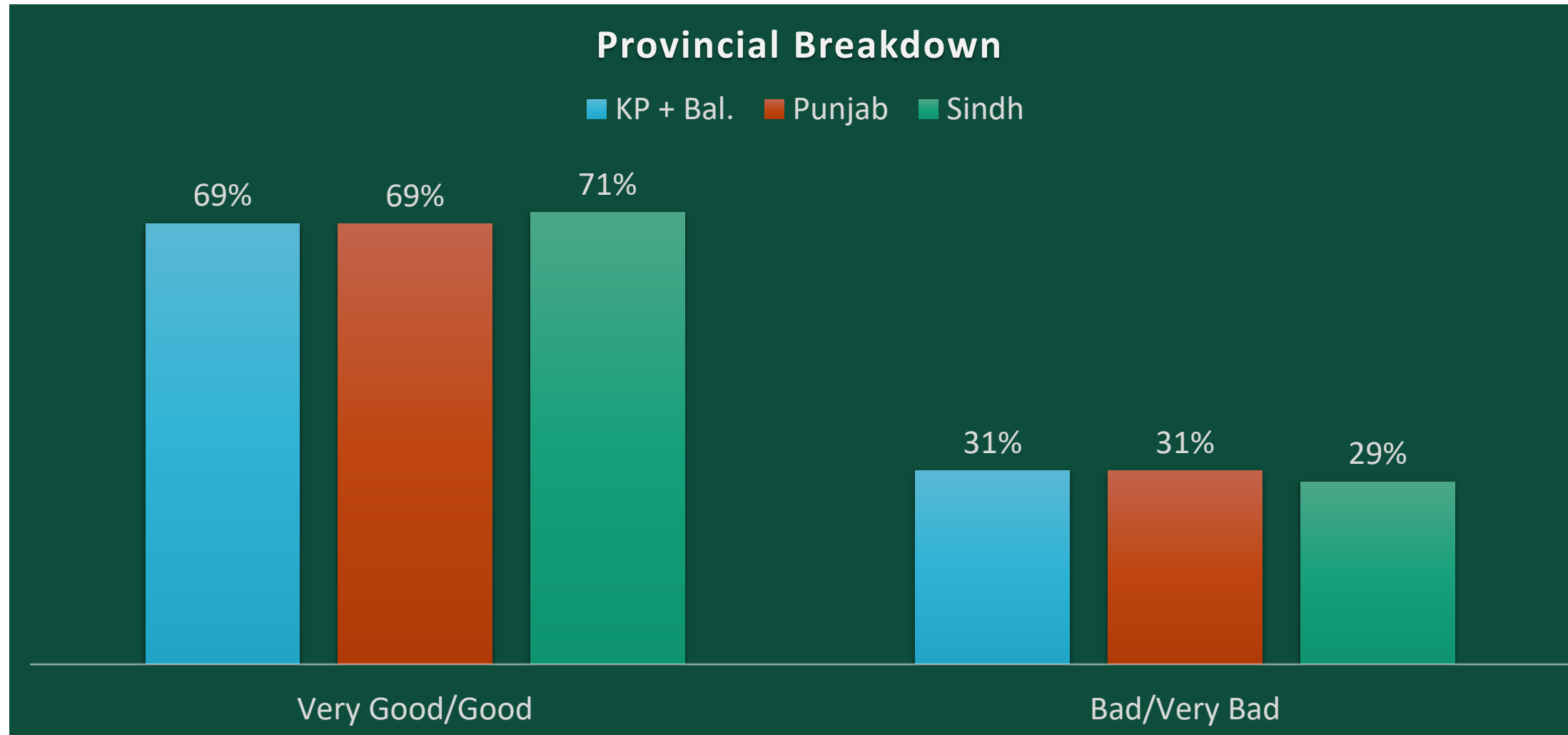


71% of Karachi businessmen are quite positive about their future business expectations. However, 29% of them are not as hopeful and predict negative outcomes for the future business scenario.



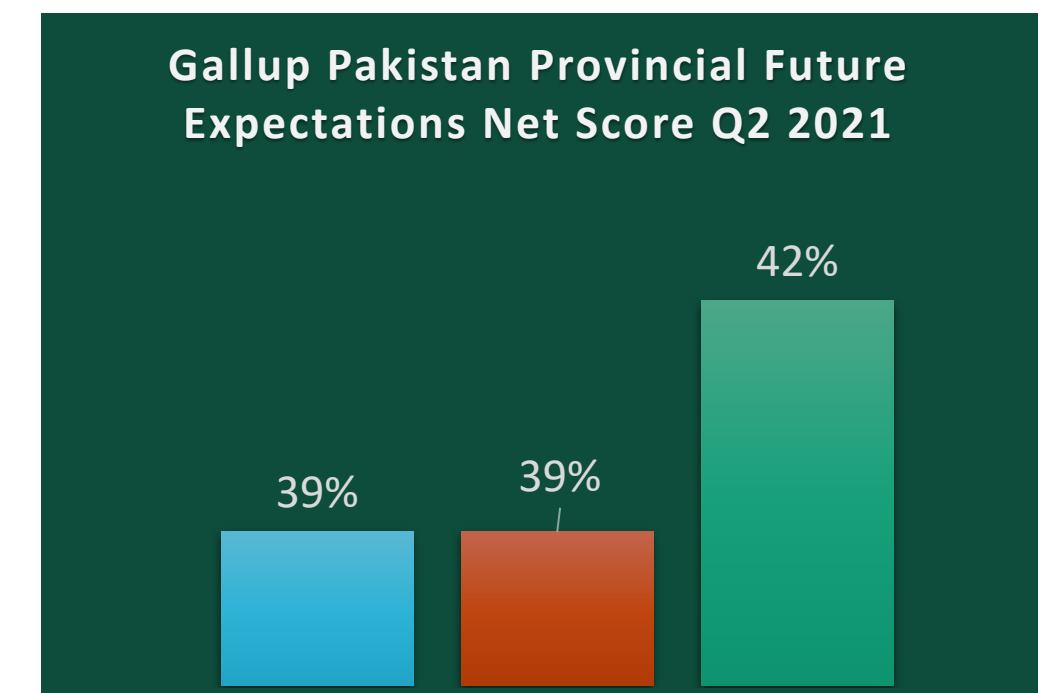
71% Businesses from Sindh are optimistic for future of their business. Businesses in KPK & Balochistan and Punjab were found to be equally least optimistic about their future business scenario.

Question: What are your expectations for the future of your business compared to the past?



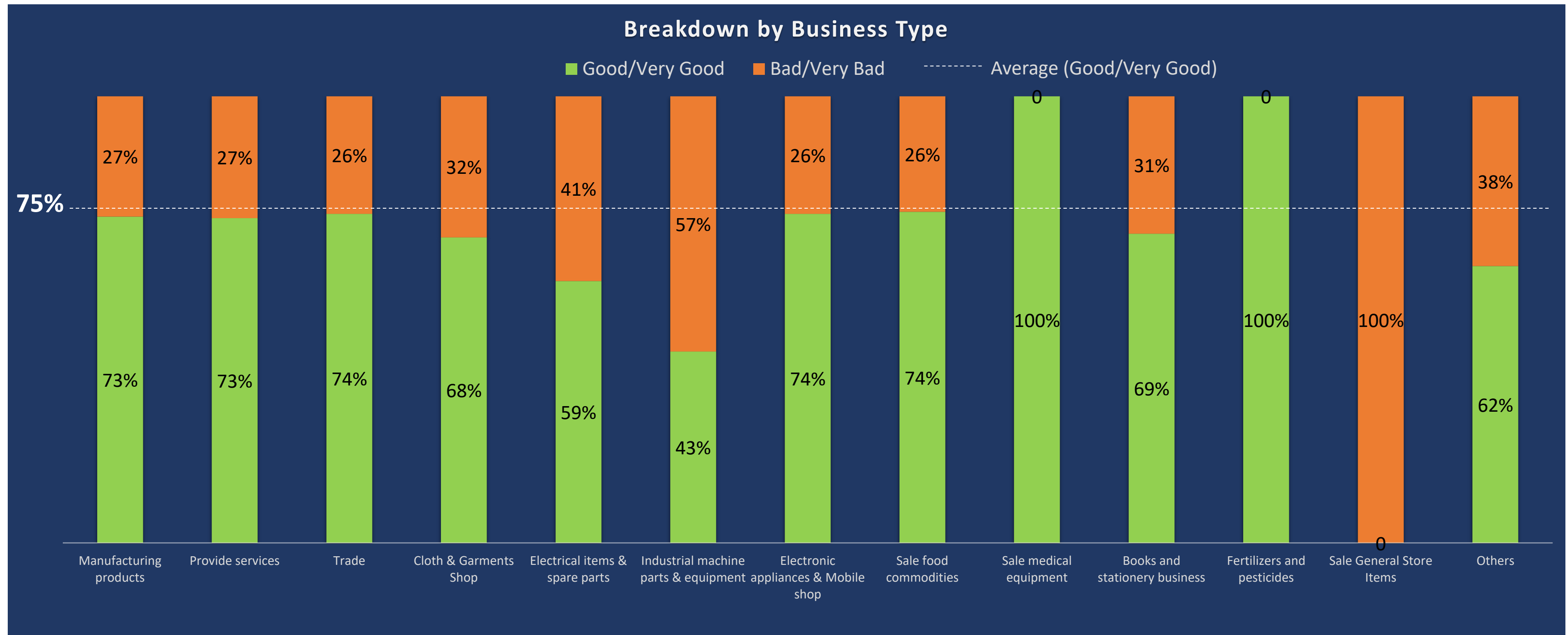
*Due to sample size being not significant at just KP and Balochistan level, both have been clubbed for the purpose of analysis.

Provincial future net score was found to be the highest in Sindh.



Businesses related to medical equipment, fertilizers and pesticides are most optimistic of future business conditions, while general stores are least optimistic

Question: What are your expectations for the future of your business compared to the past?



Source: Gallup Pakistan Business Confidence Survey with N 490 businesses in Pakistan (Report 5, Quarter 2 2021)

Gallup Pakistan Business Confidence Index Yardstick

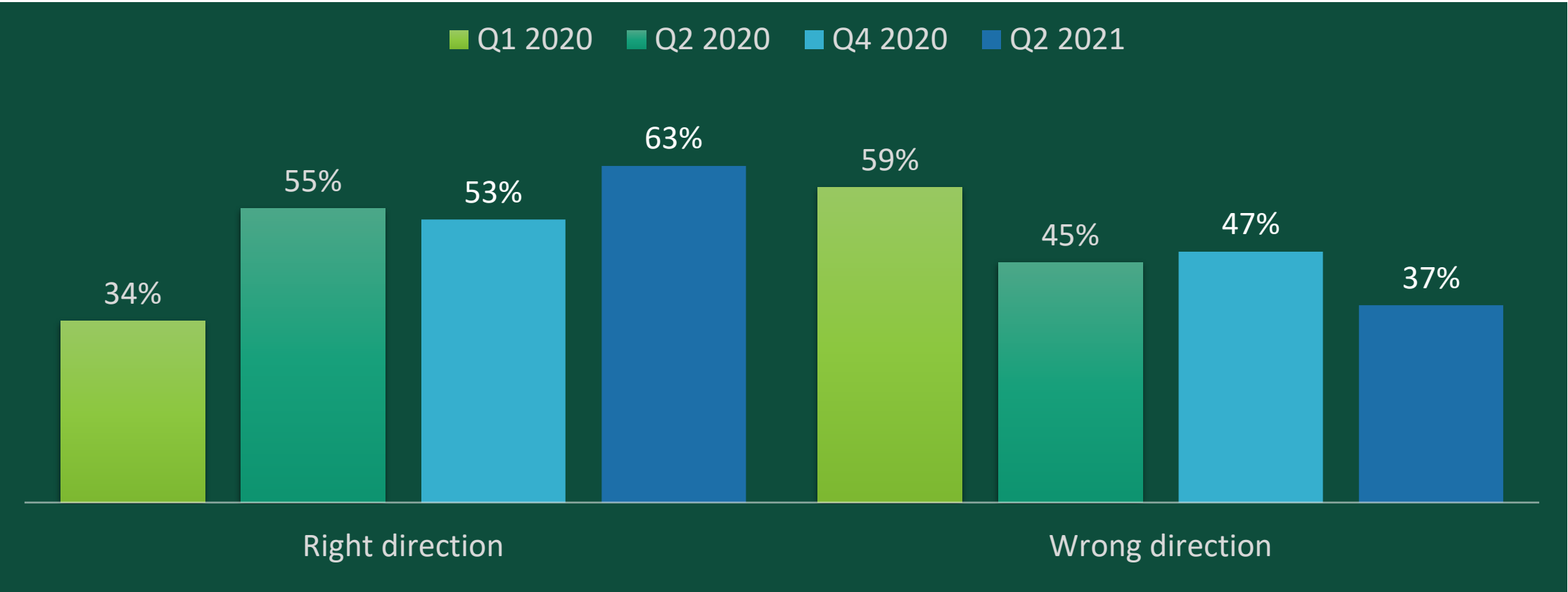
3:

Direction of the Country Score

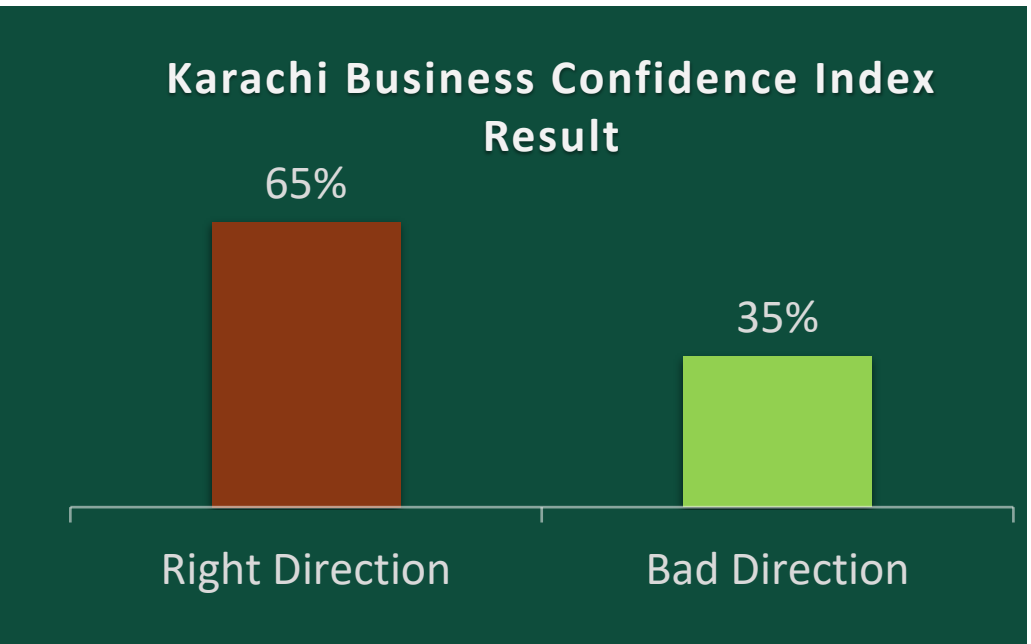
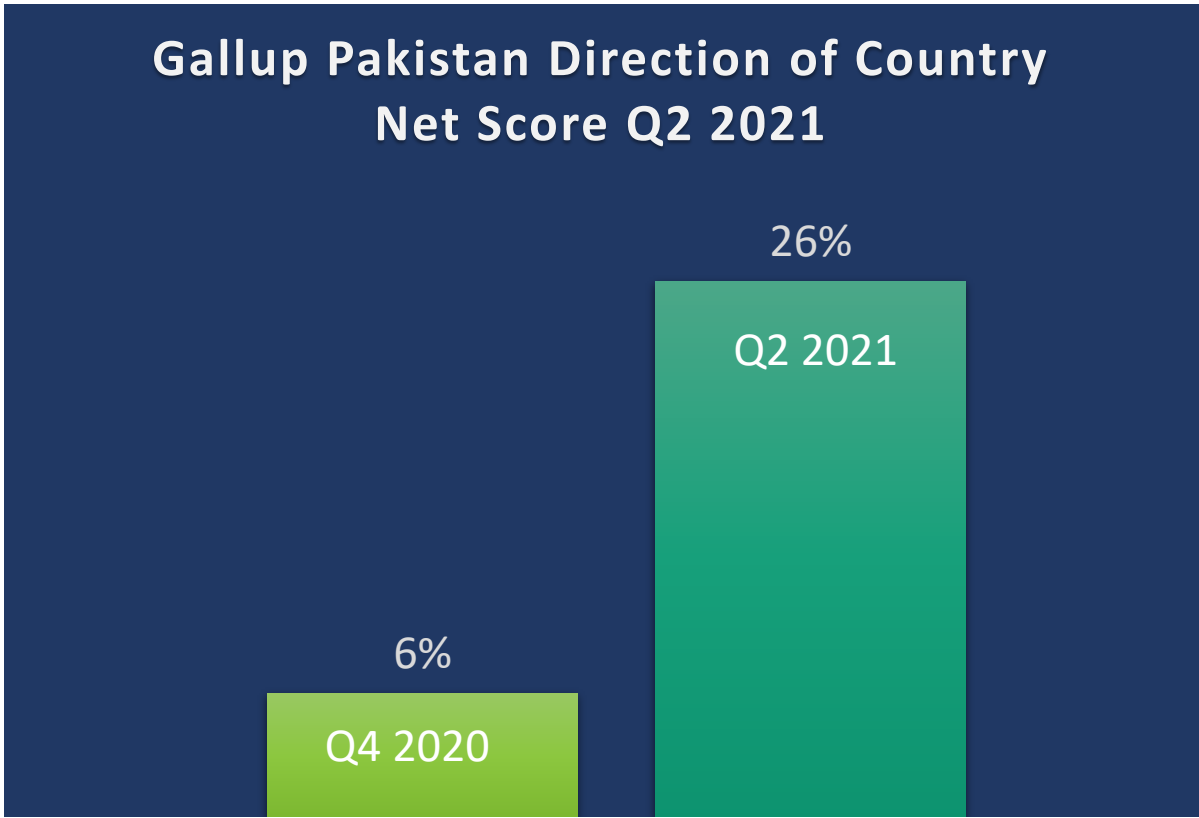


As compared to Q4 2020, there has been a 10% increase in the number of businesses that opine that the country is heading in the right direction.

Question: What is your opinion on the direction of the country? Are we headed in the right direction or wrong direction?



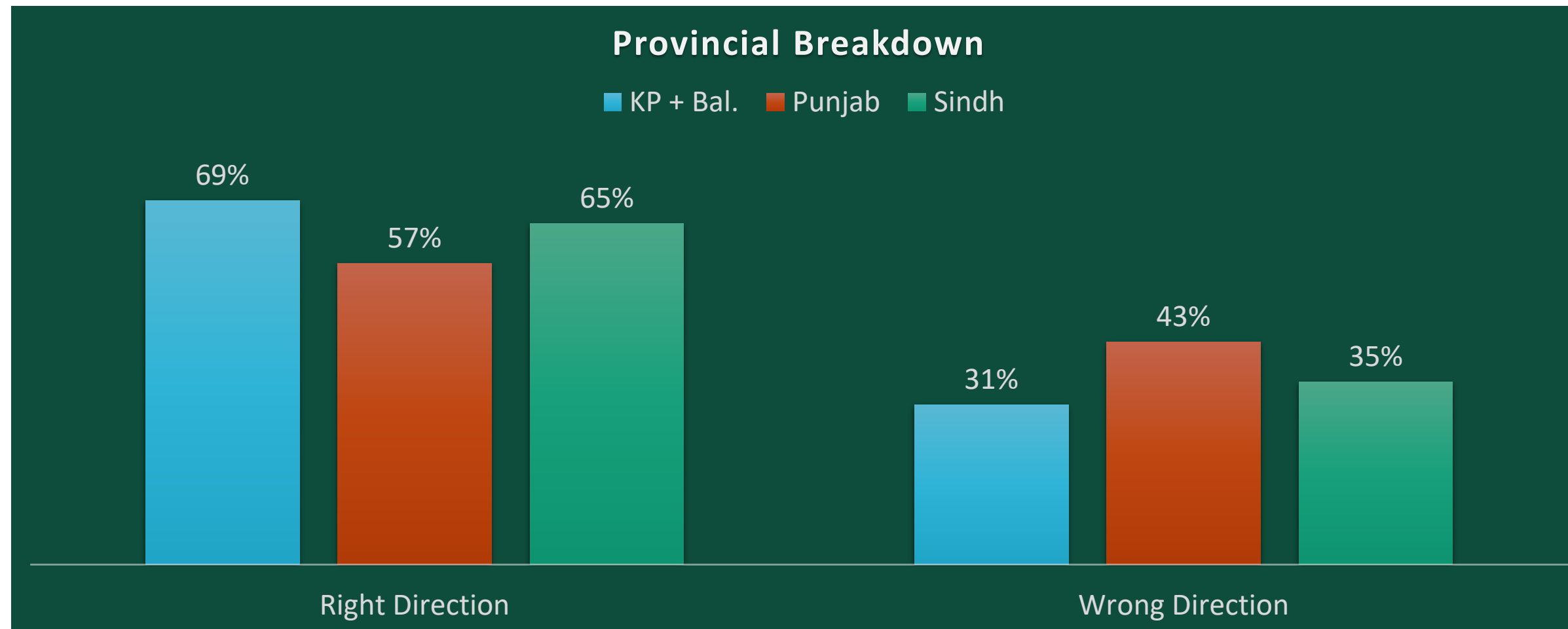
Net direction of the country score has increased from 6% in Q4 2020 to 26% in Q2 2021.



65% of Karachi businessmen believe that the country is heading in the right direction while 35% believe otherwise.

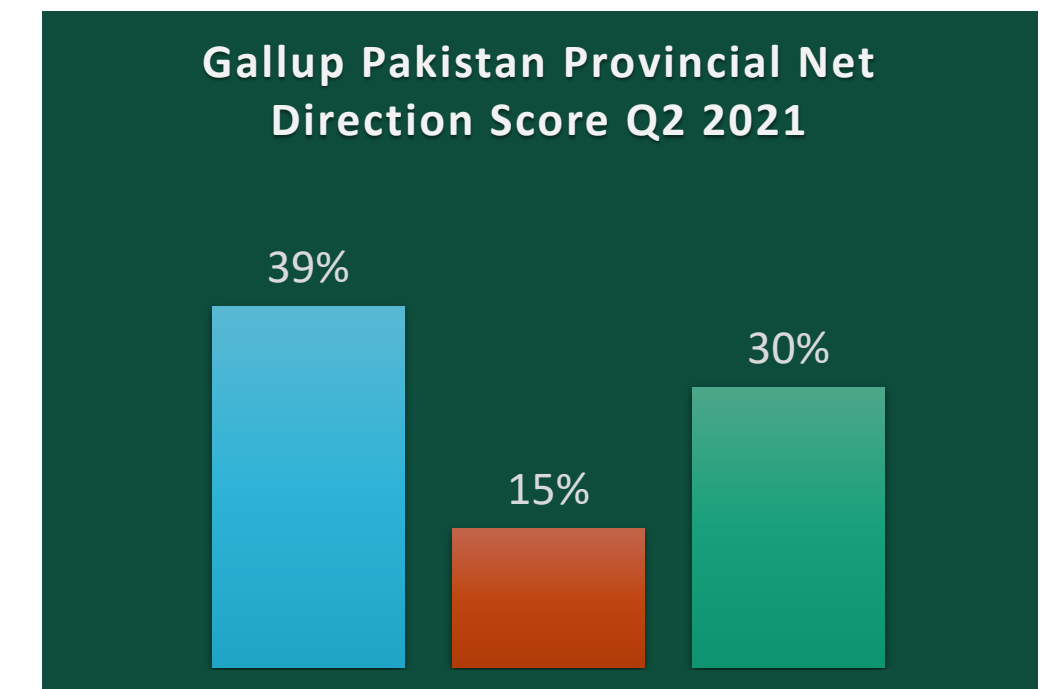
69% Businesses from KPK & Balochistan believe the country is heading in the right direction. Net satisfaction highest in Sindh and lowest in Punjab

Question: What is your opinion on the direction of the country? Are we headed in the right direction or wrong direction?



*Due to sample size being not significant at just KP and Balochistan level, both have been clubbed for the purpose of analysis.

Net satisfaction is 39% in KPK & Balochistan, 15% in Punjab and 30% in Sindh.





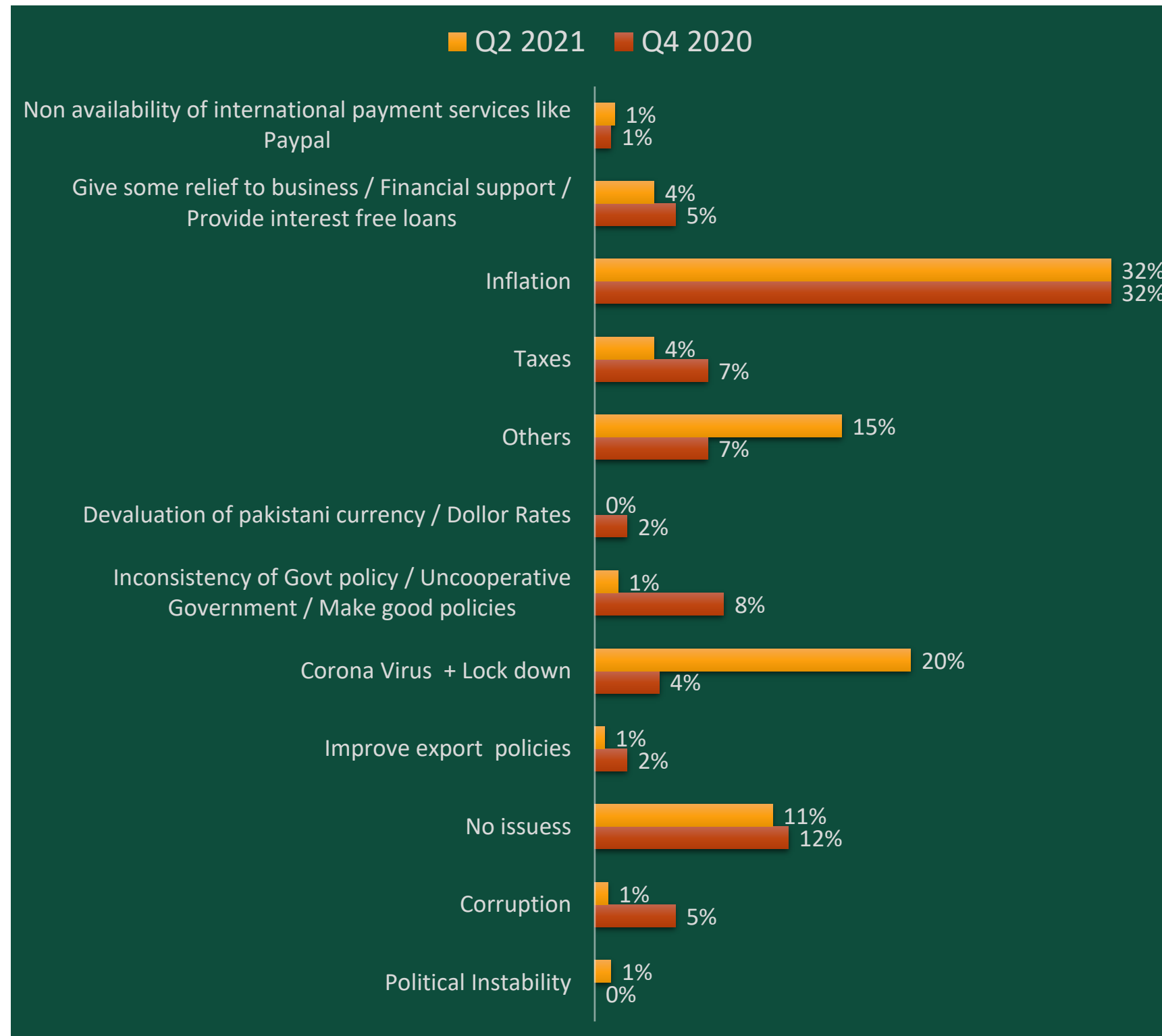
SECTION 4:

Problems Affecting Businesses in Pakistan



Increase in inflation, followed by problems caused by coronavirus and the lockdowns are the most pressing issues businesses want government to solve in Q2 2021. 11% of businesses report no issues that need to be resolved by the government

Question: Which problems affecting your business considerably would you want the government to solve?



Just like in Q4 2020, the most popular issue businesses wanted the government to solve in Q2 2021 was inflation. The second most pressing issue that businesses wanted to get resolved in Q2 2021 was the problems caused by coronavirus and lockdowns.

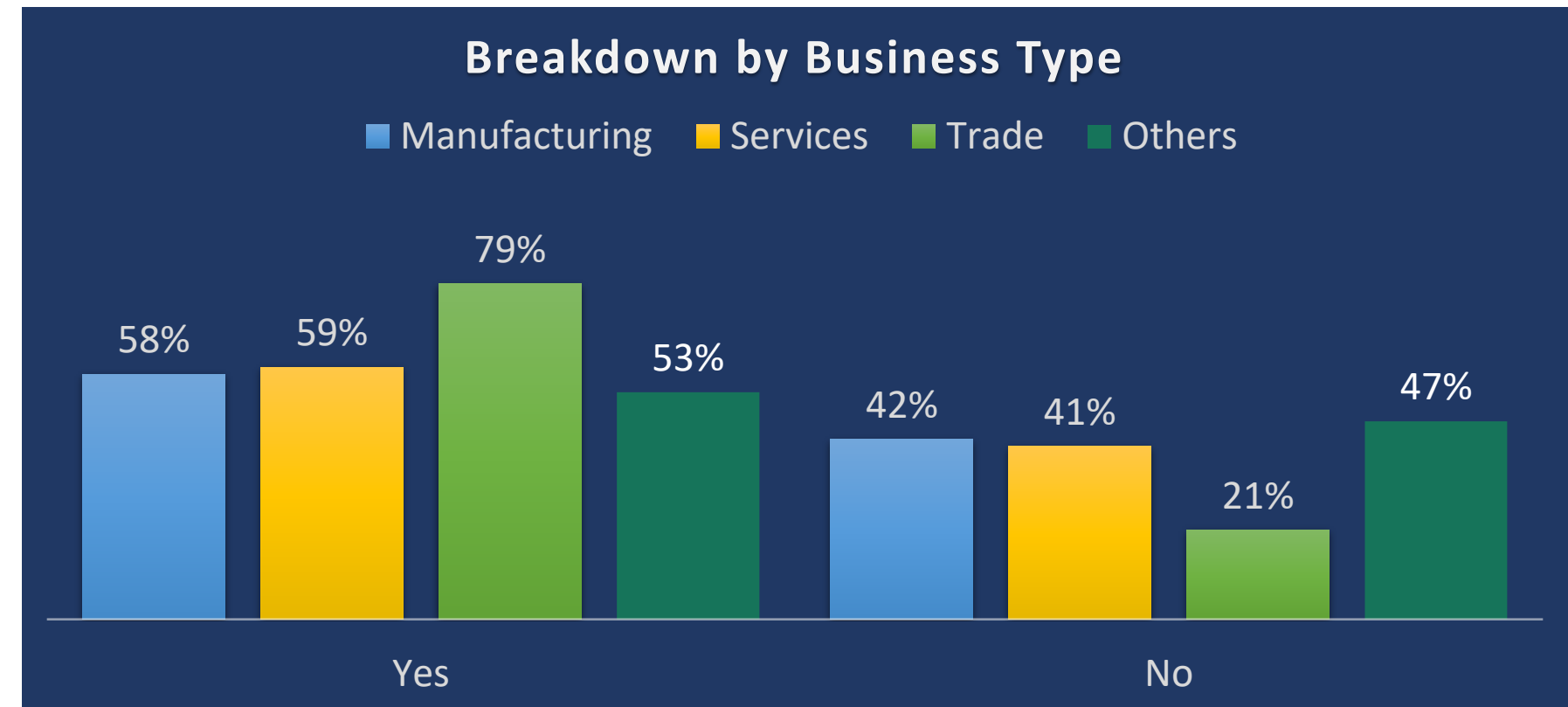
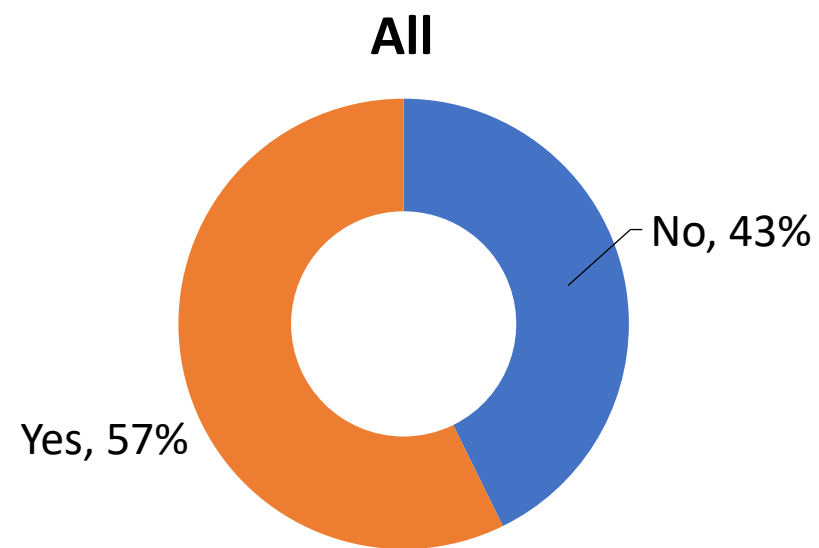
SECTION 5:

Affect of Load shedding on businesses within Pakistan

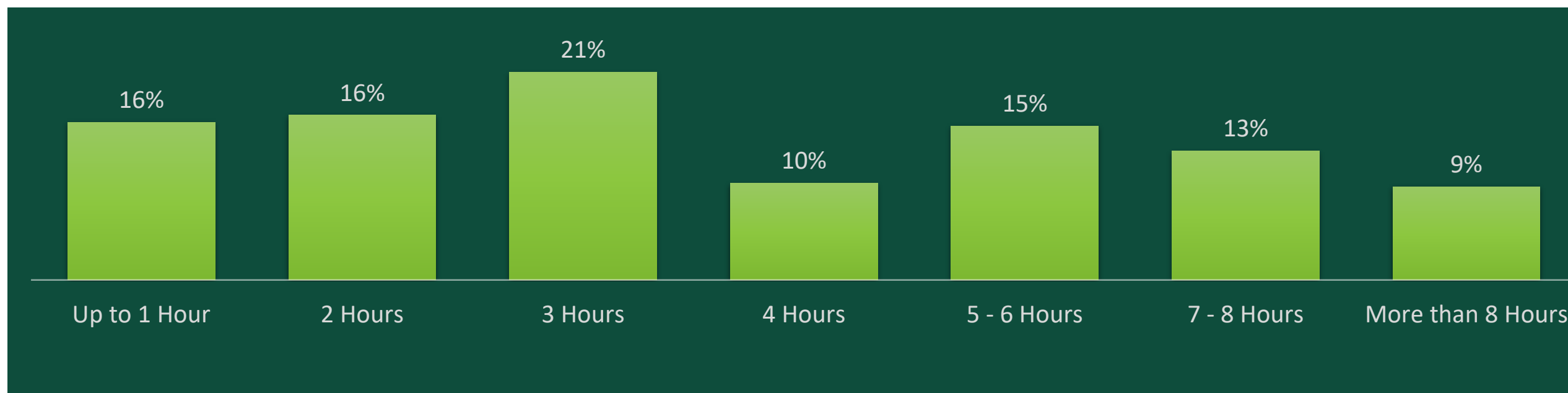


57% of businesses reported to experiencing load shedding within a day, with most of them experiencing it for 3 hours.

Question: Was there load shedding in your business today?



Question: If yes for how many hours?



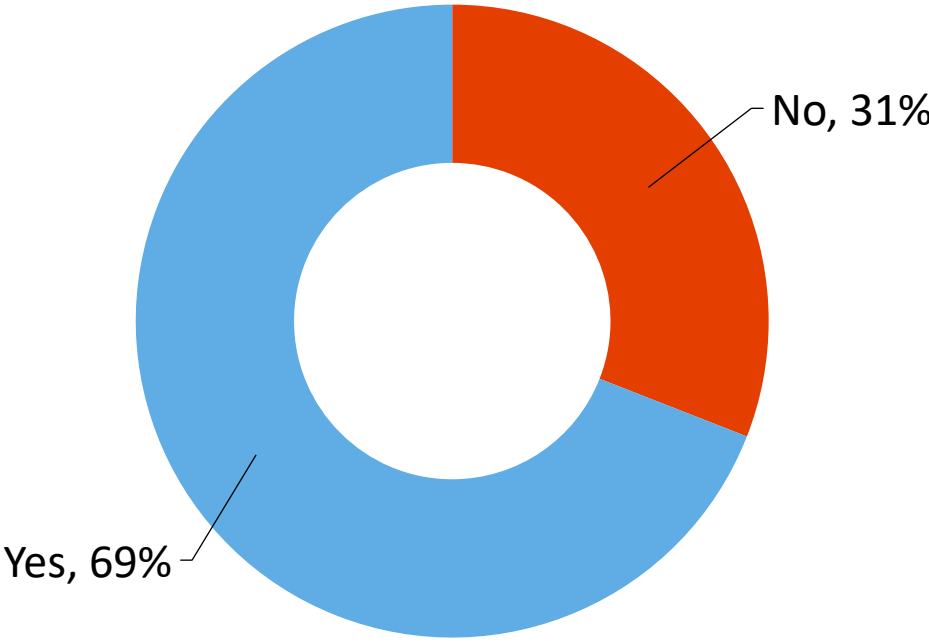
Companies in the trade sector experienced more load shedding on average within a day as compared to those in the other sectors.



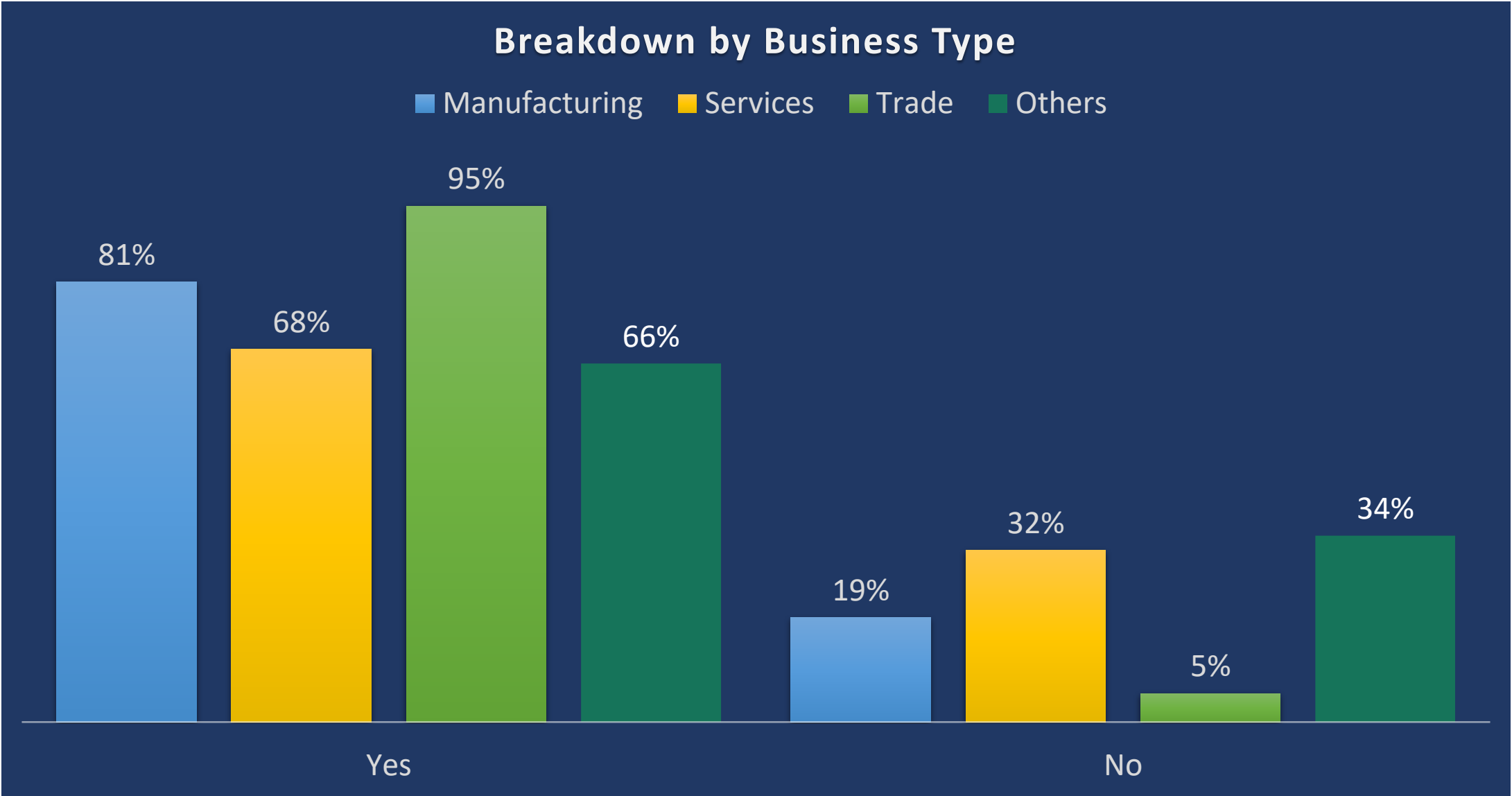
Around 7 in 10 businesses (69%) claimed that load-shedding was a big problem for their business.

Question: Is Load shedding a big problem for your business?

All

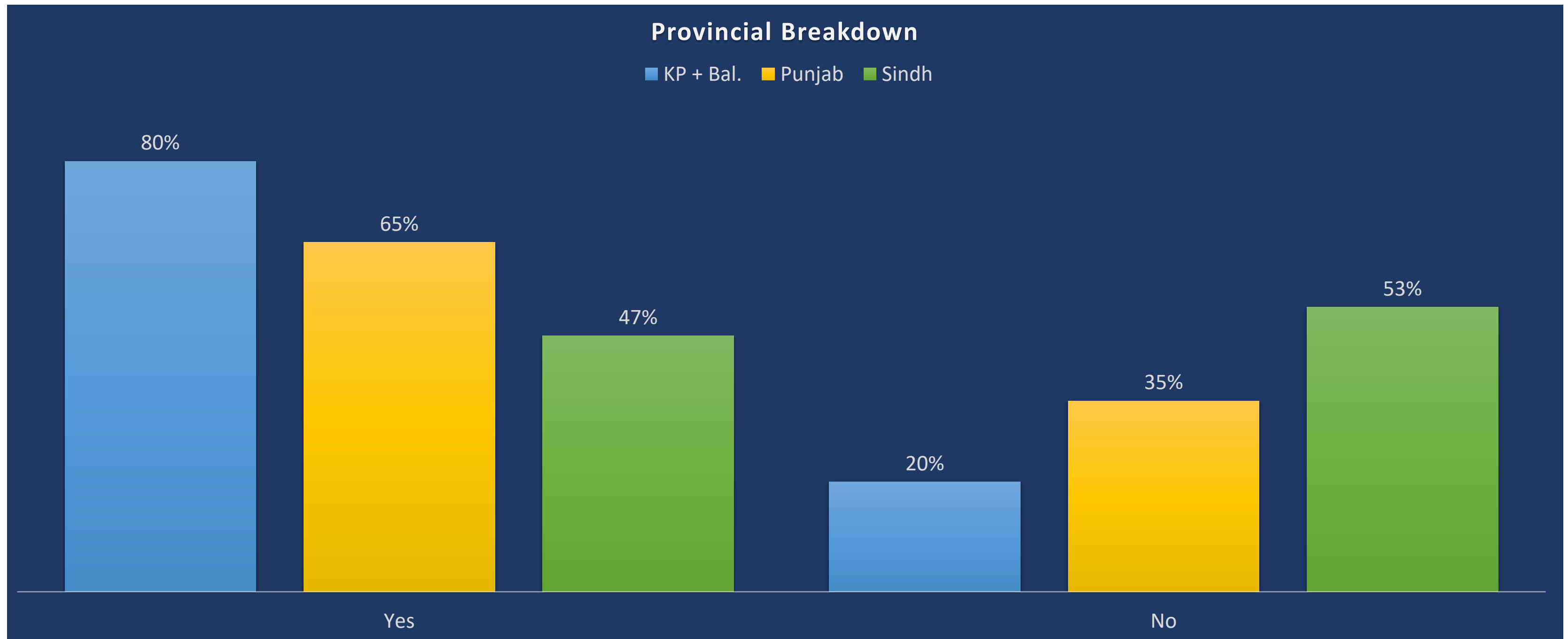


Trade businesses reported to considering load shedding to be a bigger problem than other business types. Load shedding also came out to be a significant problem for manufacturing businesses as well.



80% of businesses in KPK & Balochistan opine that load shedding is a major problem for their business.

Question: Is Load shedding a big problem for your business?



*Due to sample size being not significant at just KP and Balochistan level, both have been clubbed for the purpose of analysis.

Source: Gallup Pakistan Business Confidence Survey with N 490 businesses in Pakistan (Report 5, Quarter 2 2021)



Methodology and Sample Profile

GALLUP BUSINESS CONFIDENCE INDEX IN PAKISTAN



METHODOLOGY DETAILS

Sample Size:

N= 490 businesses across Pakistan

Method of Interview:

Online Interviews and phone surveys

Field Dates:

4th June 2021- 1st July 2021

Field Agency:

Gallup Pakistan (*established since 1980 and member of Gallup International- www.gallup.com.pk*)

For more information on methodology please write to:

amna@galluppakistan.com

DISCLAIMER : This is an internally funded study by Gallup Pakistan without relying on an outside source. Although maximum care has been taken but we do not take any responsibility of error or omission. We urge care and precaution in using the statistics reported here. Gallup Pakistan is not responsible for any gain or loss arising out of the use of statistics reported here.

List of Cities covered in BCS

Abbottabad
Chakwal
Faisalabad
Gwadar
Gujrat
Gujranwala
Gwadar
Hyderabad
Islamabad
Karachi
Karak
Lahore
Malakand
Mardan
Peshawar
Rahim Yar Khan
Rawalpindi
Sialkot
Swat
Wah Cantt.

Sample Profile of Businesses which were interviewed

BUSINESS TYPE	Manufacturing	6%
	Services	35%
	Trade	5%
	Others	54%



FOR MORE INFORMATION PLEASE CONTACT

Bilal I Gilani

Executive Director
Gallup Pakistan

bilal.gilani@gallup.com.pk

